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UNITED NATIONS COMMON SYSTEM

Comments by the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System

Note by the Secretary-General

The Secretary-General transmits herewith for consideration by the Fifth Committee a document submitted by the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA) (see annex).

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Annex

VIEWS OF THE COORDINATING COMMITTEE FOR INDEPENDENT STAFF UNIONS AND ASSOCIATIONS OF THE UNITED NATIONS SYSTEM

INTRODUCTION

1. The period elapsed since the forty-sixth session of the General Assembly has been an eventful one for the world at large and, consequently, for the world Organization - the United Nations. In response to new obligations resulting from the end of the cold war, the Organization has moved away from its traditional operations to assume an enhanced role in the highly charged fields of peace-keeping and peacemaking.

2. Against this background of general flux and uncertainties fraught with danger, with new countries emerging on an almost daily basis and with old rivalries resurfacing and armed conflict leading to starvation and death, at a time when all eyes are turned towards it and expectations are running higher than ever before, the United Nations is experiencing internal turmoil of a kind that can only hamper its capacity tc deal with the serious problems at hand.

3. It is true that any process aimed at redefining the role of an institution is bound to be disruptive to some extent. But the disruption should not be of the kind that compromises its capacity to fulfil its mandated role.

4. In the case of the Secretariat as well as of some of the specialized agencies, posts have been cut (in the Secretariat twice already in the last few years) and continue to be cut as part of a streamlining process. At the same time, the conditions of service of staff continue to deteriorate. As a result, the malaise of previous years has yielded to deep discontent.

5. Few, including the staff, will deny that there is room for improvement in the organizations of the common system. At the same time, any attempt at reform will always meet with resistance from the groups directly affected. However, what makes the situation unbearable at the present time is the fact that, at the very moment when more is demanded from the staff following cuts in the staffing tables and the consequent loss of promotion prospects, conditions of service should also be in danger.

6. One can only hope that before it is too late someone, at some level, will recognize the political difficulty and the backlash potential of undermining conditions of service of the common system staff when a radical restructuring process is under way and staff, because of the added peace-keeping and peacemaking responsibilities of the Organization, are being asked to volunteer for activities that often put their lives at risk.

7. The staff have repeatedly expressed their willingness to undertake extra work and have been only too ready to volunteer to do so under conditions of hardship. However, they find it both demoralizing and frustrating to have to work in a climate of uncertainty about their future, including threats of a further erosion of their conditions of service. If the Organization is to run smoothly and efficiently, something will have to be done to dispel doubts and allay fears. Reassuring words that are then contradicted by later actions only serve to increase the level of anxiety among the staff.

8. The staff at large have welcomed the Secretary-General's avowed aim of depoliticizing the Organization. For this to become a reality, such depoliticization will need the genuine support of all the parties involved. Unless there is a firm and unqualified commitment from all participants in this process that allows for no exceptions whatsoever (be they at the G-1 or Under-Secretary-General level) all credibility will be lost and bureaucratic scepticism will be fully justified. Even the perception that some staff are more equal than others and that cuts do not mean the same when one is at the higher levels of the hierarchy can be extremely negative. Never before has high morale been more necessary for the fulfilment of the Organization's aims; never before has disgruntlement been so prevalent.

I. WHAT AILS THE COMMON SYSTEM

9. For years now the staff of the common system have been complaining about their salaries and conditions of service. The complaints are well known to members of the Fifth Committee and do not bear detailed repetition. Sad to say, too, they have mostly fallen on deaf ears.

10. The Member States have been consistently unwilling to admit that there is anything wrong with the system or to do anything to correct it. Comparisons with salary levels in other international organizations like the World Bank, the Organisation for Economic Cooperation and Development or the European Community have been rejected as irrelevant, even though those organizations are direct competitors with the common system organizations. A review of the best-paid national civil service has been put off by the International Civil Service Commission (ICSC) and neglected by the General Assembly. Naturally, the staff have found it very difficult to accept such indifference - if not callousness - on the part of their employers.

11. It is true that this sometimes callous approach has not been universally shared or endorsed. Unfortunately, however, those who did not share it and could have championed the staff's cause have mostly shied away from doing so.

12. Meanwhile, some Member States - in particular those that most oppose improvements in conditions of service of common system staff - continue to make supplementary payments to their nationals, thus perpetuating a two-tier system that violates the spirit of the Charter of the United Nations and the staff rules and disregards the strong condemnation of such practices by the Secretary-General. In the general climate of cuts and restructuring,

continuation of this practice can only add to the staff's low morale and discontent. It also exposes a double standard that is impossible to justify and should under no circumstances be condoned.

II. WHAT ROLE FOR THE INTERNATIONAL CIVIL SERVICE COMMISSION

13. For years now the staff representatives have also been complaining - mostly in a vacuum - about the functioning of ICSC, the technical body established by the General Assembly to deal with conditions of service of the common system staff. Most of the criticism levelled against ICSC has related to what the staff perceive as the politicization of the Commission, the fact that recommendations and decisions are often made bearing in mind the kind of financial considerations that would be far more appropriate in the context of the informal consultations of the Fifth Committee.

14. In addition, in recent years, proximity to the Fifth Committee has tended to colour the approach of some members of the Commission to the issues at stake. Inevitably, such a tendency is reinforced by the fact that Commission members are elected by the Fifth Committee. In some cases they may even be former members. If the role of the Commission is to be limited to submitting to the Fifth Committee only those recommendations it deems will pass that body, its function as an impartial technical intermediary between the staff and their employers will disappear.

15. For the staff representatives, this new closeness between ICSC and the Fifth Committee has been an added source of frustration. They often encounter in the body where they can represent their positions in detail and defend them on technical grounds the same reaction they are used to getting from the Fifth Committee, where, as experience shows, an argument - however valid on technical grounds - will be set aside in the name of financial considerations.

16. CCISUA strongly believes that the process of depoliticization of the Commission should start with the selection of Commission members. Technical considerations, rather than the political support an individual can muster among Member States and regional groups, should be the primary criterion for the selection of ICSC members. A familiarity with salary systems and a solid personnel management background would not only ensure adequate understanding of the complex technical issues the Commission deals with but would also promote a technical - as opposed to political - approach to them. For obvious reasons, former membership of the Fifth Committee should be considered a liability.

17. CCISUA also deplores that the Commission should have found a substitute for the executive sessions it had vowed to avoid. These sessions are now called "briefings", but they serve the same purpose as executive sessions. On the basis of a unilateral discussion of the issues at stake, without any input from the staff or the administrations' representatives, Commissioners' positions are crystallized which can then rarely be changed in the more formal and restrictive environment of an open meeting.

18. The above considerations are not new. Most were advanced when the functioning of the Commission was discussed in the Administrative Committee on Coordination (ACC), the Coordinating Committee on Administrative Questions (CCAQ), ICSC and the Fifth Committee itself. However, they bear repeating since these problems have not been solved. If anything, they have been exacerbated. Unfortunately, last year's review of the functioning of the Commission was a good opportunity that was squandered.

19. This year, during the thirty-sixth session of ICSC, CCISUA's representatives decided to suspend their participation in the work of the Commission. CCISUA made clear that, pending confirmation from its constituents, such withdrawal related only to General Service issues - a fact that, deliberately or otherwise, was later misrepresented in the Commission's report. 1/

20. CCISUA's withdrawal was prompted by a procedural anomaly that compromised an unbiased discussion on the item on the methodology for General Service salary surveys. Against its own ruling on how it would proceed on this issue, the Commission moved from the explanation to the decision-making stage without the discussion phase originally envisaged. This deprived the staff representatives of a meaningful input on a question of crucial importance for the staff and subsequently forced them to withdraw from the deliberations.

III. ICSC'S RECOMMENDATIONS TO THE GENERAL ASSEMBLY AT ITS FORTY-SEVENTH SESSION

21. This year the Fifth Committee has before it a modest package from the Commission. Recommendations with financial implications submitted to it by ICSC are based on the implementation of decisions made or criteria adopted by the General Assembly in previous years.

22. This is the case, in particular, with the base/floor salary scale. The 6.9 per cent increase in the scale recommended by ICSC in its annual report results directly from the implementation of the relevant decision made by the General Assembly as part of the comprehensive review of the conditions of service for the Professional and higher categories. In 1990 and 1991, the Assembly authorized increases lower than those recommended by the Commission in implementation of the methodology adopted by the Assembly in its resolution 44/198. This created a deficit that the Commission now proposes to eliminate.

23. On the other hand, the increase recommended for the education grant is lower than it should have been if the new methodology for establishing the level of the education grant had been strictly applied. Thus, it does not fully reflect the movement of inflation in education costs in the five currencies for which an increase is recommended by the Commission.

24. In this context, it is important to remember that the new methodology adopted by the Commission for establishing the level of the education grant provides for increases only in those currencies where they are due and by the

individual amount of the increase. Under the previous methodology, an average was granted in all currencies regardless of actual increases.

25. It is in two areas where the Assembly is not called upon to make a decision at the current stage that a note of alarm should be sounded. These two areas are the salary survey methodology and pensionable remuneration for the General Service and related categories of staff.

26. At this point, it is extremely difficult to predict what the outcome of the next series of General Service salary surveys will be. Among other things, it is not easy to gauge the overall impact of a recession that, after becoming deeply entrenched in the United States of America, is now beginning to be felt at European duty stations as well.

27. At some duty stations, however, it is estimated that reductions in General Service salaries could run as high as 20 per cent. In the case of Vienna, for example, just the elimination of the language allowance decided by the Commission at its thirty-sixth session will result in a 4 per cent reduction in General Service salaries at the time of the next survey. At a duty station where General Service salaries are already frozen, this could add 8 to 10 years to the freeze. The Fifth Committee should consider the impact of such a long-term freeze and ask the Commission to review its decision on the language allowance.

28. Taking into account the results of the comprehensive review of the General Service salary survey methodology, CCISUA decided to recommend that its members not participate in the next round of salary surveys.

29. The situation at the level of General Service pensionable remuneration and consequent pensions is also potentially explosive. The Commission, in spite of General Assembly instructions that it act in full cooperation with the United Nations Joint Staff Pension Board in this regard, decided on its own that the income-replacement approach should be used for establishing General Service pensionable remuneration, as is done for Professional staff.

30. In this connection, it should be noted that the Commission's decision on the method to be used for establishing General Service pensionable remuneration was taken in isolation. Indeed, it has postponed making a decision on all other crucial questions regarding the determination of General Service pensionable remuneration. The main of such issues, because of its potential impact, is probably the use of a single scale of pensionable remuneration for Professionals and General Service staff.

31. Depending on the decisions that are made in the future on those issues, General Service pensionable remuneration could be reduced by as much as 20 per cent. Therefore, according to the date of retirement, a staff member's pension could be as much as 20 per cent lower than that of a colleague who retired a few years earlier. The inequity of such a situation should be apparent to all.

IV. CONCLUSION

32. It has often been said that the staff is the Organization's most valuable resource, and, indeed, the staff would like to believe that such a statement is more than an empty formula to be used only for convenient political purposes. At any rate, even the most unsympathetic would have to concede that a motivated staff is essential to the Organization's proper functioning.

33. Leaving the staff in the dark about their future in the Organization - against what can be considered the best in the United Nations tradition of consultation and conciliation - is at this point perhaps the single most demoralizing factor. When combined with unsatisfactory conditions of service and fears of a radical deterioration in the short term - as is the case with General Service salaries and pensions - the effect can be devastating.

34. The Commission has failed, if not refused, to recognize that this is the case. A more flexible approach on the part of some Commissioners could have prevented the staff organizations' walk-out. But the Commission has been so concerned with anticipating the Fifth Committee's reactions that it has relinquished its technical role in favour of a political one.

35. The staff are not opposed to change, but they want to be part of it, as has always been the case in the past. At this point, it is essential to overcome the paralysis of fear (fear for jobs as well as for conditions of service) and start working constructively. It should be recognized that it is hard, if not well-nigh impossible, to do one's utmost to work productively with the sword of Damocles of impending cuts dangling over one's head.

36. To that end, the channels of communication have to be reopened and trust must be restored - trust in the established process and mechanisms for determining conditions of service as well as in the leadership of the Organization.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30).

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PROGRAMME BUDGET FOR THE BIENNIUM 1992-1993

UNITED NATIONS COMMON SYSTEM

UNITED NATIONS PENSION SYSTEM

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (A/47/30)

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

INTRODUCTION

1. The eighteenth annual report of the International Civil Service Commission (ICSC) 1/ contains a number of decisions and recommendations that have financial implications for the biennium 1992-1993, related to the following issues (the reference paragraphs in the ICSC report are indicated in parentheses):

(a) Remuneration of the Professional and higher categories of staff: base/floor salary scale (para. 118);

(b) Methodology for the determination of dependency allowances for the Professional and higher categories (paras. 190-193);

(c) Comprehensive review of conditions of service of assistant secretaries-general, under-secretaries-general and equivalent levels (para. 207);

(d) Methodology to determine the level of the education grant and review of the level of the education grant (paras. 251-252).

2. There are no financial implications for either the regular budget or extrabudgetary sources of funding of the organizations members of the United Nations Joint Staff Pension Fund (UNJSPF) contained in the annual report of the United Nations Joint Staff Pension Board to the General Assembly. 2/

I. REMUNERATION OF THE PROFESSIONAL AND HIGHER CATEGORIES OF STAFF: BASE/FLOOR SALARY SCALE

3. In section IH of its resolution 44/198 of 21 December 1989, the General Assembly approved the recommendation of ICSC to establish a floor net salary level for staff in the Professional and higher categories, by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service. This base/floor scale was part of an integrated package in which negative classes of post adjustment were eliminated: it is used also to calculate payments under the mobility and hardship scheme, as well as separation payments. 3/ The package of measures went into effect as of 1 July 1990.

4. On the occasion of the approval of the establishment of the floor net salary scale, by section IE of the same resolution, the General Assembly approved the introduction of a mobility and hardship allowance and an assignment grant. It requested ICSC to report, at the forty-seventh session, on the operation of those measures. The Assembly reiterated this request at its forty-fifth and forty-sixth sessions (resolutions 45/241 of 21 December 1990 and 46/191 of 20 December 1991). The Commission reviewed the mobility and hardship scheme at its thirty-sixth session. 4/ It decided to report to the General Assembly, inter alia, that pending further review in 1995, the existing parameters of the scheme should be maintained, including the linkage between the mobility and hardship allowance and the base/floor salary.

5. As was the case in 1990 and 1991, in view of salary increases in the comparator civil service, ICSC has recommended to the General Assembly that the current base/floor salary scale should be increased through the consolidation of classes of post adjustment. The increase would comprise 6.9 per cent and would be effective 1 March 1993. The financial implications of the recommendation for the United Nations common system as a whole are estimated at $3,564,000 for 1993. The costs to the United Nations regular budget for 1993 will be $1,040,900.

6. In addition, there will be an estimated increase of $8,811,600 for 1993 under section 36, Staff assessment, to be offset by an increase in an equal amount under income section 1.

II. METHODOLOGY FOR THE DETERMINATION OF DEPENDENCY ALLOWANCES FOR THE PROFESSIONAL AND HIGHER CATEGORIES

7. The General Assembly, by section IG of its resolution 44/198 of 21 December 1989, requested ICSC to reconsider the methodology for the determination of dependency allowances in the light of the tax practices of the comparator. These allowances comprise the children's allowance and the secondary dependant's allowance. The basis for the determination of the allowances is the relevant tax abatements and family allowances payable in the countries of the seven headquarters duty stations.

8. Having reviewed the feasibility of aligning United Nations common system practice with that of the comparator, ICSC concluded that the present methodology should be retained and so recommended to the Assembly. At the same time, under this methodology, the Commission was of the view that an increase was necessary in the level of dependency allowances in order to reflect changes in the value of tax abatements and social benefits in the seven headquarters locations since the last review in 1988. Specifically, ICSC recommends to the General Assembly that the current level of the children's allowance should be increased by 21 per cent and that of the secondary dependant's allowance by 50 per cent, both with effect from 1 January 1993. All other aspects of the allowances, such as eligibility criteria, should be maintained.

9. The financial implications of the recommendation for the United Nations common system are estimated by ICSC at $3.1 million a year. The costs to the United Nations regular budget for 1993 will be $1,165,100.

III. COMPREHENSIVE REVIEW OF CONDITIONS OF SERVICE OF ASSISTANT SECRETARIES-GENERAL, UNDER-SECRETARIES-GENERAL AND EQUIVALENT LEVELS

10. By section V of its resolution 45/241 of 21 December 1990, the General Assembly requested ICSC to reconsider, in a comprehensive manner, the remuneration of staff of organizations of the United Nations common system at the Assistant Secretary-General, Under-Secretary-General and equivalent levels. The Commission, in 1991, presented proposals on the establishment of equivalencies and associated net remuneration levels, revised housing arrangements and pensionable remuneration levels. 5/

11. In connection with these recommendations of ICSC, the Secretary-General, at the forty-sixth session of the General Assembly, (a) expressed his support for an increase in net remuneration at these levels of staff (but refrained from recommending a specific increase); (b) supported the proposal for revision of housing arrangements; and (c) submitted a report proposing to establish the representation allowance for assistant secretaries-general/ under-secretaries-general of the United Nations as a fixed percentage of net remuneration. 6/

12. In section VII of its resolution 46/191 of 20 December 1991, the General Assembly, after noting, inter alia, that proposals were being advanced for the restructuring of the Secretariat, decided to defer until its forty-seventh session a decision on the recommendations of ICSC regarding the conditions of service of assistant secretaries-general and under-secretaries-general.

13. In order to assist the Assembly in its consideration of this question at its forty-seventh session, ICSC resubmitted its previous recommendations on the conditions of service of assistant secretaries-general/ under-secretaries-general: the recommendations are repeated in a summarized form in the Commission's eighteenth annual report. 7/

Net remuneration

14. Having established working level equivalencies with the Executive Schedule of the comparator civil service, ICSC recommended an increase in net remuneration for staff at the assistant secretary-general/under-secretary-general levels in a range of 7 to 11 per cent to reflect improved conditions of service in the Executive Schedule. The Commission recommended that the specific level of increases should be determined by the Assembly in the light of such recommendations as the Secretary-General might wish to make, bearing in mind the desirability of establishing net remuneration ratios vis-à-vis the comparator civil service for those levels of staff that are in line with those prevailing for the P-1/D-2 categories of staff as a whole.

15. The Administrative Committee on Coordination (ACC), at its second regular session of 1991, recorded its concern that the remuneration levels for the assistant secretary-general/under-secretary-general categories in all United Nations agencies have significantly lagged behind those of equivalent positions in the comparator civil service. The officials in these categories occupy positions of great responsibility and authority which are of critical importance to the work of these organizations. Therefore, ACC fully supported the ICSC recommendation that consideration be given to increasing the remuneration levels of these officials by 7 to 11 per cent. ACC requested the Secretary-General, in his capacity as Chairman of ACC, to make such a recommendation to the General Assembly.

16. The Secretary-General notes the recommendation of ICSC that approximate working level equivalencies for the under-secretary-general level could be set at levels II and III of the Executive Schedule of the comparator civil service and for the assistant secretary-general level at levels III and IV of that schedule. The following net remuneration comparisons as of 1 September 1992 may be made, as a consequence, on a grade-by-grade basis and taking into account cost-of-living differences between Washington and New York:

Net remuneration comparisons as of 1 September 1992
on a grade-by-grade basis

United Nations/ United States grade	Net remuneration United Nations a/ $	Net remuneration United States b/ $	Ratio United Nations/ United States	Cost-of-living ratio New York/ Washington	Ratio United Nations/ United States adjusted for cost-of-living differences
Under-Secretary-General/ Executive Schedule II/III	117 890	95 716	123.2	110.5	111.5
Assistant Secretary-General/ Executive Schedule III/IV	108 132	89 521	120.8	110.5	109.3

a/ Base salary plus New York post adjustment (multiplier 45).

b/ Net of tax, dependency rate, in Washington.

17. The weighted average ratio between the level of net remuneration of United Nations officials at grades P-1 through D-2 and that of United States officials at equivalent grades in 1992 was 117.6. In order for the net remuneration ratios of assistant secretaries-general/under-secretaries-general to be brought in line with this indicator, the levels of remuneration of these officials would need to be increased by 7.6 per cent and 5.5 per cent, respectively.

18. These percentage increases reflect the approach developed by ICSC in 1991. It should be noted that, as a result of the restructuring undertaken by the Secretary-General of the United Nations and the reduction in the number of high-level posts in the United Nations Secretariat in 1992, the responsibilities and functions of the remaining assistant secretaries-general/ under-secretaries-general have increased noticeably. In view of this situation, the approximate working equivalencies set by the Commission in 1991 may need to be increased to the level of Executive Schedule II in the case of under-secretaries-general and to the level of Executive Schedule III for assistant secretaries-general. Under this scenario, the net remuneration comparison for assistant secretaries-general/under-secretaries-general as of 1 September 1992 would be as follows:

United Nations/ United States grade	Net remuneration United Nations a/ $	Net remuneration United States b/ $	Ratio United Nations/ United States	Cost-of-living ratio New York/ Washington	Ratio United Nations/ United States adjusted for cost-of-living differences
Under-Secretary-General/ Executive Schedule II	117 890	99 366	118.6	110.5	107.4
Assistant Secretary-General/ Executive Schedule III	108 132	92 065	117.5	110.5	106.3

a/ Base salary plus New York post adjustment (multiplier 45).

b/ Net of tax, dependency rate, in Washington.

19. In order for net remuneration ratios to be brought into line with the weighted average ratio for grades P-1 through D-2 (117.6), the levels of net remuneration of assistant secretaries-general/under-secretaries-general would need to be increased by 10.6 per cent and 9.5 per cent, respectively.

20. It is the view of the Secretary-General that, in the light of the measures taken to restructure the Secretariat of the United Nations, as well as the working level equivalents established by ICSC with the Executive Schedule of the comparator civil service, an increase of 9 per cent for under-secretaries-general and 7.5 per cent for assistant secretaries-general would be justified at this time.

Housing arrangements

21. In 1992, the Commission reiterated the recommendation it made in 1990 and 1991, that revised housing arrangements be established for staff at the assistant secretary-general/under-secretary-general and equivalent levels. Executive heads would be authorized to exercise discretion to approve the granting of special subsidy arrangements to staff at the assistant secretary-general/under-secretary-general and equivalent levels in cases where such officials needed to rent suitably sized and located accommodation. The current arrangements whereby a limit is placed on the maximum allowable rent for the purposes of calculating rental subsidies would be replaced by new

arrangements whereby eligible officials would receive a maximum rental subsidy amounting to 75 per cent of the threshold rent for the individual concerned. Examples of the operation of the proposed arrangements are given in annex VI to the seventeenth annual report of the Commission. 8/

22. ACC, at its second regular session of 1991, supported the ICSC recommendations concerning revised housing arrangements. It is the view of the Secretary-General that the Commission's recommendations on revised housing arrangements for assistant secretaries-general and under-secretaries-general remain valid and do not require further elaboration prior to a decision of the General Assembly. He fully supports the measure.

Pensions

23. With regard to pensions for staff at these levels, ICSC has recommended that the pensionable remuneration scale be adjusted commensurate with changes in remuneration, but that alternative pension arrangements should be deferred. ACC, at its second regular session of 1991, supported the recommendation of ICSC in this regard. The Secretary-General is of the view that, as in the case of revised housing arrangements, no further elaboration of this proposal is necessary: he fully supports the measure.

Representation allowances

24. The Commission was of the view that representation allowances would best be handled by executive heads under guidance from the governing bodies of their respective organizations. To this end, the Secretary-General submitted a report to the General Assembly at its forty-sixth session. A further report, which also reviews the matter of hospitality for official functions, has been submitted to the General Assembly. 9/

25. Taken together, an increase in net remuneration, revised housing arrangements and revised representation allowances represent a package of measures which would improve the conditions of service for the senior echelon of staff of the organizations of the United Nations system. The Secretary-General recalls that one of the rationales for the establishment of the Executive Schedule in the comparator civil service was identical, namely, more adequately to compensate the most senior managers beyond the parameters of the regular salary scale (in the case of the United States civil service, the General Schedule): it may be noted that the comparator maintains three salary schedules equivalent to or beyond the top of the General Schedule, the highest of which is the Executive Schedule. Approval of the proposed package would bring remuneration of the senior echelon of the United Nations in line with equivalent staff of the comparator.

26. The Secretary-General, in this context, emphasizes his conviction that it is unacceptable that some staff members should receive national subsidies to support their emoluments. He notes that ICSC has taken up the matter of supplementary payments on several occasions over the past decade, and most recently on the occasion of the comprehensive review of the conditions of

service of assistant secretaries-general and under-secretaries-general, in 1989. 10/ In 1990, the Commission pointed out that supplementary payments could be expected to be one undesirable effect of not adjusting assistant secretaries-general and under-secretaries-general levels of remuneration in line with equivalent levels of the comparator. Remuneration set at an inappropriate level could lead to a situation where, in the view of ICSC, the independence of the individuals involved would be fundamentally compromised. 11/ The Commission affirmed that the practice of supplementary payments or deductions was unnecessary, inappropriate and undesirable, and is inconsistent with the staff regulations of the organizations of the United Nations common system.

27. By section IX of resolution 45/241 of 21 December 1990, the General Assembly, noting the position of ICSC, inter alia, requested the Secretary-General of the United Nations and the executive heads of the other organizations of the common system to take such measures and make such proposals as they considered appropriate in order to end such practices.

28. The Secretary-General intends, in conjunction with the introduction of a revised remuneration package for staff at the assistant secretary-general and under-secretary-general level, to require such staff to reaffirm that they do not receive any supplement to or pay any deduction from their emoluments to their national authorities.

29. ICSC has presented no financial implications for this item for the United Nations common system. The United Nations estimates the cost under the expenditure sections of the regular budget for 1993 as follows:

	United States dollars
Increase in net remuneration	347 300
Increase in contributions to UNJSPF	67 200
Revised housing arrangements	204 000
Representation allowances	95 000
Staff assessment	196 100
Total	909 600

30. The net increase under the expenditure sections, however, would be $713,500 in as much as there would be under income section 1, income from staff assessment, an offsetting increase in the amount of $196,100.

IV. METHODOLOGY TO DETERMINE THE LEVEL OF THE EDUCATION GRANT AND REVIEW OF THE LEVEL OF THE EDUCATION GRANT

31. By section X of its resolution 45/241 of 21 December 1990, the General Assembly, noting the intention of ICSC to conduct a study of the process of setting education grant levels, approved changes to the maximum admissible levels of expenses incurred under the education grant in five currencies. This was the first occasion on which an adjustment in the level of the grant was made on a country-specific rather than a global basis. In 1991 and 1992, the Commission undertook a full study of the process for setting education grant levels in the context of such a differentiated system. At its thirty-fifth session, ICSC decided to approve a revised methodology for determining education grant levels. The methodology required analyses of both education-related expenditures of staff, and of movements in school fees. The methodology is described in annex VII of the report of the Commission. 12/

32. The Commission has recommended that, in five currency areas (guilder, markka, lire, pound sterling and United States dollar), the maximum amount of admissible expenses, the maximum grant and the ceiling for boarding costs should be increased as from the school year in progress on 1 January 1993. Also, for these currency areas, the special education grant for a disabled child should equal 100 per cent of the revised amounts of maximum admissible educational expenses for the regular education grant. The amount of additional reimbursement of boarding costs over and above the maximum grant payable to staff at designated duty stations should be maintained at the current level for all currency areas.

33. ICSC estimates that the system-wide financial implications of the recommended increases are approximately $1.6 million a year in respect of the increase in the maximum reimbursable level and $992,000 a year in respect of the increase in boarding costs. The financial implications for the regular budget of the United Nations are estimated at $704,400 for 1993, broken down as follows: (a) an amount of $395,000 relating to revised maximum admissible expenses; and (b) an amount of $309,400 relating to boarding costs.

V. SUMMARY

34. The additional costs for the regular budget of the United Nations for 1993 resulting from the decisions and recommendations of ICSC are summarized below:

	United States dollars
Remuneration of the Professional and higher categories: base/floor salary scale	
Mobility/hardship matrix	878 600
Separation scale	162 300
Methodology for the determination of dependency allowances for the Professional and higher categories	1 165 100
Comprehensive review of conditions of service of under-secretaries-general/ assistant secretaries-general and equivalent levels	
Increase in net remuneration	347 300
Increase in contribution to UNJSPF	67 200
Revised housing arrangements	204 000
Representation allowances	95 000
Methodology to determine the level of the education grant and review of the level of the education grant	
Revised maximum admissible expenses	395 000
Boarding costs	309 400
Total	3 623 900

35. Following past practice, it is intended to deal with the impact of the decisions and recommendations of ICSC as indicated in paragraph 34 above in the first programme budget performance report for the biennium 1992-1993. Should the Assembly adopt the recommendations of ICSC, there would be an increase of $12,631,600 under the expenditure sections. Of this amount, $9,007,700 would relate to section 36, Staff assessment. There would be a corresponding increase in the same amount under income section 1, Income from staff assessment. The net increase under the expenditure sections would therefore be $3,623,900.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30).

2/ Ibid., Supplement No. 9 (A/47/9).

3/ Ibid., Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, paras. 118, 119, 316 and 453 (g).

4/ Ibid., Forty-seventh Session, Supplement No. 30 (A/47/30), paras. 253-283.

5/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), para. 173.

6/ A/C.5/46/32 and Corr.1.

7/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30), para. 207.

8/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, annex VI.

9/ A/C.5/46/39.

10/ ICSC/32/R.13.

11/ ICSC/32/R.10, para. 21.

12/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30), annex VII.

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Forty-seventh session
FIFTH COMMITTEE
Agenda item 113

UNITED NATIONS COMMON SYSTEM

Comments by the Federation of International Civil Servants' Associations

Note by the Secretary-General

The Secretary-General transmits herewith for consideration by the Fifth Committee a document submitted by the Federation of International Civil Servants' Associations (FICSA). This document has been presented pursuant to the provisions of paragraph 2 (b) of General Assembly resolution 35/213 of 17 December 1980, whereby the General Assembly reiterated its readiness to receive and consider fully the views of the staff as set out by a designated representative of FICSA in a document submitted through the Secretary-General under the agenda item entitled "Report of the International Civil Service Commission".

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Annex

COMMENTS BY THE FEDERATION OF INTERNATIONAL CIVIL SERVANTS' ASSOCIATIONS

1. The Federation of International Civil Servants' Associations (FICSA) is pleased to have this opportunity to address, point by point, the various recommendations made in the Report of the International Civil Service Commission (ICSC) for the year 1992. 1/ The purpose of the present paper is to provide a direct input to the discussions of the Fifth Committee on these items of considerable interest to the staff of the whole United Nations system. Paragraph and subparagraph numbers in the present document refer to those in the report of ICSC.

2. In reporting on the withdrawal of the representatives of FICSA and of the Coordinating Committee of Independent Staff Unions and Associations (CCISUA) and on the extraordinary Staff Assembly held during the thirty-sixth session of ICSC in paragraphs 9 and 10, the resolution adopted by the Staff Assembly and presented to the Chairman of the Commission has been omitted from the report of ICSC. The full text of that resolution is given in appendix I to the present report. After the Federation's withdrawal, a FICSA representative attended only the item on Professional salaries to present a FICSA document (ICSC/36/R.8/Add.1) which had been submitted by the Federation; FICSA did not participate in the discussion of any other item on the agenda of the Commission, nor in the adoption of the report of the session or the annual report. Nevertheless, as the views of FICSA, for those items considered before the Federation's withdrawal, had been presented in writing to the Commission's secretariat throughout the session, they were correctly reflected in the report of the Commission to the General Assembly. It should be noted that the views of the staff representatives are solicited before and, normally, during the discussion of the agenda items; staff representatives' views are not solicited during the Commission's decision-making process, nor on the decisions themselves.

3. The effect of biennialization on the work of the Commission and of the Fifth Committee will pose some problems as noted in paragraph 28. While being sympathetic to the desire of the Fifth Committee to rationalize its programme of work, the Federation wishes to note that there are some issues that do not easily lend themselves to such a schedule. As pointed out in paragraph 16, FICSA would find it totally unacceptable for staff members to suffer arrest or detention for one day longer than necessary because the appropriate Committee of the General Assembly did not consider a report on their status during an "off" year. Furthermore, there are various conditions of service that are already adjusted with a significant time lag after reaching their "trigger" point; the base/floor salary scale is being recommended for adjustment 18 months after the comparator scale is modified, a lag which will reach up to 30 months under the biennialization procedure. The Commission decided to seek certain exceptions to biennial consideration. If the Fifth Committee is not in agreement with granting such exceptions, the Federation would request it to

consider how such important, time-critical items could be handled by the parties concerned. While it might not be possible for the Commission to reduce immediately the duration of its sessions in odd-numbered years (para. 25), the effect of biennialization should also result in a rationalization of the work of the Commission in the near future. The staff representatives would have hoped that the comprehensive review of pensionable remuneration for Professional and higher category of staff would have taken place in 1994, rather than in 1996. The Federation questions the utility of this comprehensive review in light of the Commission's agreement (para. 95) to develop by 1993, in cooperation with the United Nations Joint Staff Pension Board (UNJSPB), a single scale of staff assessment for use in deriving pensionable remuneration from net remuneration for all categories of staff, a study which will definitely prejudice the following comprehensive review.

4. While understanding the wish of the General Assembly to preside over a common system of benefits and allowances for the staff of the United Nations family of organizations and the desirability from its point of view of eliminating competition among these organizations, FICSA does not think that the common system should be used as a straight-jacket that prevents agencies from using temporary, innovative means to address immediate short-term problems. Thus, FICSA is not in agreement with the decisions of the Commission presented in paragraph 43.

5. The Federation would like to note that, in presenting the comparison of pensionable remuneration and income replacement between the United Nations and the comparator (para. 49), the data do not reflect the true picture, owing to the differences in the situations and regulations prevailing on either side of the comparison. Based on United Nations JSPB statistics, the "average" Professional staff member joins the Pension Fund in his/her early forties; in the comparator, the average entry age is much lower. In the United Nations, mandatory retirement age is 60 or 62; in the comparator, there is no mandatory retirement age. While the United Nations recognizes only 35 years of contributory service, it appears that only one internationally recruited staff member has been able to contribute for this period of time; in the comparator, 40 years of contributory service is recognized. Furthermore, the comparator has a supplementary thrift plan with matching employer contributions; the United Nations has nothing of the kind. Thus, though the numbers indicate that the United Nations pensionable remuneration and income-replacement ratios are in line with those of the comparator, the actual pensions received for an "average" United Nations employee and an "average" employee of the comparator are very different.

6. FICSA considered that the pension arrangements for elected ungraded officials outside UNJSPB was a matter between the official and the organization he/she served. Hence, the Federation did not make any comment on this item (para. 69).

7. Although the basic position of the Federation on General Service pensionable remuneration is adequately reflected in paragraph 83, FICSA has prepared a more detailed analysis of various points raised during the

discussion; this paper is presented in appendix II to the present document. The Federation has severe problems with the recommendations presented in paragraphs 99 and 100; if the General Assembly accepts these recommendations as an integral part of the report of the Commission, FICSA believes that it opens itself to legal challenge on procedural grounds. The relevant article in the Fund's Regulations (art. 49) states inter alia that "the Board may recommend amendments to these Regulations to the General Assembly, which may amend these Regulations after consultation with the Board". To have "consultation" between UNJSPB and the General Assembly it must be done in good faith; in other words, no decision by the General Assembly can be taken prior to such consultation. If the Fifth Committee notes the ICSC recommendations (paras. 99 and 100), the will of the General Assembly has been expressed. Thereafter, no "in good faith" consultation can be carried out on this subject. Such violation of the rules of procedure could pave the way for legal appeals, should an administrative decision be taken based on the ICSC recommendation concerning the pensionable remuneration of General Service staff.

8. FICSA has no comment regarding the reporting (para. 108) of the margin under the current methodology for Professional salaries.

9. In recommending an increase in the base/floor scale (para. 118), the Commission is applying an agreed methodology. There was no objection to the methodology raised by any Commissioner. The Federation did note, however, that the current methodology adjusts the base/floor scale 18 months after the comparator has adopted its scale on which the base/floor salary is based. Should this item not be excluded from biennial consideration, there is a danger that the time lag would raise to 30 months. The Federation requests the Fifth Committee to consider how this adjustment could continue to be made in a timely fashion.

10. On the operation of the rental subsidy scheme (para. 122), FICSA would like to reiterate its support for a liberalization of the eligibility for staff to benefit from the scheme. The Federation would like to request the Fifth Committee to reconsider reviewing the proposals by the Commission to broaden the scheme to include staff required to change their accommodation because of a deterioration of security in the current location and force majeure situations. The paper presented to the Commission (ICSC/36/R.5) considered security only from the point of view of drug- and crime-related security; the physical security concerns of staff in the field were totally ignored in the discussion. The Commission also considered, but did not agree to, the inclusion of unreasonable rent increases linked with a resulting rent/income ratio above threshold levels as grounds for implementing the force majeure provisions of the rental subsidy scheme. However, this situation is much more frequent for field staff than the accepted grounds of conversion to cooperative/condominium, which normally happens only in one headquarters duty station.

11. The Federation supports the adoption of the new methodology for the measurement of the cost-of-living differential between New York and Washington

(para. 143). FICSA has long argued that the current methodology is inappropriate and that it should be modified. Based on the information provided to the Commission by the consultant, the proposed methodology is more appropriate to the measurement of this important statistic and, should the change be accepted, there would be no financial implication.

12. The Noblemaire principle, as currently interpreted, says that, to be able to attract the highly qualified staff required by the United Nations common system, the United Nations salary shall be compared to the salaries of the best paying national civil service. However, the best paying national civil service does not have a monolithic pay system. Instead, there are various pay systems by agency, special pay rates by occupation, premiums by location and bonuses as an integral part of salary. In deciding that it was not imperative to include those aspects of the comparator's pay system in margin calculations (para. 153), the Commission is undermining the ability of the United Nations system to attract the best staff from all countries. It is also making a mockery of the principle itself.

13. As reported in paragraphs 158 and 159, FICSA has undertaken a study of the United Nations Professional salary and pension system. This study shows how salaries and pensions have evolved since the mid-1970s at the headquarters duty stations, how they compare with members of the United Nations family that are not part of the common system as well as other international organizations which employ similar staff and perform similar functions, how the comparator salaries relate to the private sector of that country and the effect of special rates in the comparator system; it also presents an overview of the Federal Employees Pay Comparability Act of 1990. Because of the size of these volumes, copies will be provided to each Mission to the United Nations directly. Although some members of the Commission felt that the continued applicability of the current interpretation of the Noblemaire principle should be examined (para. 167), there was no decision by the Commission to undertake such an examination. However, ignoring the problem of non-competitiveness of the common system raised by FICSA, the Consultative Committee on Administrative Questions (CCAQ) and the Commission's secretariat neither solves the problem nor causes it to disappear. FICSA's proposal for a 15 per cent real increase in take-home pay throughout the common system, granted in three equal instalments before 1994, would be an overdue first step to redressing the competitiveness of Professional salaries and pensions and restoring the purchasing power that they have lost in most duty stations over the last eight years. In the light of the revised methodology for calculating the New York-Washington cost-of-living differential, this would entail suspending the margin upper boundary for only a brief period until the functioning of the Federal Employees Pay Comparability Act would raise the salaries of the comparator system to the point where the margin would again sink below 120.

14. In view of the depressed margin levels for D-1 and above and the need of the common system to attract highly competent managers to oversee the ever-increasing number and complexity of tasks being assigned to the United Nations and its agencies, FICSA believes that the CCAQ proposal for increasing

the salaries at these levels, a proposal not endorsed by the Commission (para. 176), is sound. The Federation believes that the proposal (para. 177) to introduce special occupational rates within the common system is ill-advised. It makes a mockery of the concept of equal pay for work of equal value and of the job classification system, which is intended to evaluate the worth to the agencies of each position based on its functions and responsibilities. It also introduces another layer of complexity on an already extremely complex system and would require significant administrative effort to implement. As the problem to be addressed by these special occupational rates is one of recruitment and retention, restoring the competitiveness of the salaries and pensions of Professionals, as proposed in the previous paragraph, would solve the problem without the extra complications, such as the effect on margin calculations, the effect on pensionable remuneration, deciding which occupational groups are to receive special rates, deciding when special rates are no longer needed, etc. It would also have the benefit of addressing the problem immediately, not waiting for a report to the Assembly at its forty-eighth session and action, owing to biennialization, at its forty-ninth session.

15. The recommendations of the Commission regarding the methodology for the determination of dependency allowances for the Professional and higher categories presented in paragraphs 191 and 192 are endorsed by FICSA except for the level of the secondary dependant's allowance. The current level of this allowance was set in 1977 at $300 per year. The current recommendation is to raise it to $450; this corresponds to an increase of 41¢ per day. As the secondary dependant's allowance is paid only when there is no primary dependant and the tax code of the comparator makes no distinction between people similar to primary and secondary dependency status as recognized by the United Nations, the Federation would reiterate its request (para. 183) that the allowance for secondary and primary dependants be equal.

16. FICSA has no comment on the decision of the Commission regarding the report submitted by the World Intellectual Property Organization (WIPO) on the Working Group on Professional Remuneration (para. 203).

17. FICSA also has no comment on the summary presented in paragraph 207 of the Commission's views on the conditions of service of assistant secretaries-general, under-secretaries-general and staff at equivalent levels.

18. The Federation is deeply concerned that the methodology for surveys of best prevailing conditions of employment at headquarters duty stations promulgated by ICSC will be severely detrimental to the functioning of the common system. In the light of the importance of this question, FICSA has presented its comments on the changes presented in paragraph 231 in appendix III to the present document. If the Fifth Committee shares the concerns of the staff, the Federation would request the Fifth Committee to refer the matter back to ICSC with a request to review the changes in the light of the Committee's comments.

19. While endorsing the recommendations concerning the methodology and level of the education grant (para. 252), the Federation would request that the level of the grant be reviewed biennially in a cycle that corresponds to the consideration of common system matters by the Fifth Committee.

20. Although the mobility and hardship scheme has not been allowed to operate according to its original parameters, in that the base/floor salary scale was not adjusted in line with the comparator's salary scale, the Commission has decided to report in paragraph 283 that the scheme has been meeting the objectives for which it was introduced. FICSA agrees with this assessment and would agree to a review in 1995 in the light of the short time the scheme has been in operation.

21. The views of the Federation on the report on the status of women in the United Nations system are accurately reflected in paragraph 289. Further, the Federation endorses the decisions taken by the Commission on this matter as presented in paragraphs 296 and 297.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30).

Appendix I

RESOLUTION ADOPTED AT THE EXTRAORDINARY ASSEMBLY OF REPRESENTATIVES OF STAFF OF THE UNITED NATIONS COMMON SYSTEM

(London, International Maritime Organization headquarters, 22 July 1992)

THE STAFF of the United Nations common system worldwide, represented at an Extraordinary Assembly at the International Maritime Organization in London, on Wednesday, 22 July 1992,

REITERATING their full commitment to the ideals and work of the United Nations family of organizations,

ASSERTING that the success and effectiveness of United Nations organizations can be assured only by staff meeting the highest standards of efficiency, competence and integrity as called for by Article 101 of the Charter of the United Nations,

MAINTAINING that, to ensure the recruitment and retention of such staff, the competitiveness of the conditions of service in the United Nations organizations, as embodied in the Noblemaire and Flemming principles, needs to be restored and protected,

1. STRONGLY URGE that, for staff in the General Service and related categories, the decisions to be made by the International Civil Service Commission at its present session ensure that:

1.1 No change be made to the methodology used to determine pensionable remuneration and the current and future levels of pension continue to be adjusted in accordance with yearly cost-of-living movements;

1.2 The total net remuneration, including non-pensionable elements, be used for calculating pensionable remuneration, and the entire amount be grossed up, regardless of the system used to compute staff assessment;

1.3 No change be made to the salary survey methodology which results in any deterioration, including freeze, in levels of salaries, which must be allowed to progress in line with local conditions and cost of living, specifically:

- Surveyed employers must represent a reasonable cross-section of competitive sectors;

- The minimum number of employees per employer surveyed must be maintained at 50;

- The use of the 75th percentile method must continue;

- The language adjustment factor must be retained;

- Jobs must be matched by function and post requirements only;

- Full staff participation must be ensured during all stages of salary surveys; and

- The ICSC secretariat confine itself to participating in, rather than supervising, local salary surveys.

2. FURTHER URGE that, for staff in the Professional and higher categories, the International Civil Service Commission recommend to the forty-seventh session of the United Nations General Assembly:

2.1 To restore the competitiveness of United Nations salaries and, as an initial measure, increase take-home pay throughout the common system by 15 per cent in three equal instalments, before 1994, in addition to any adjustments which may become due during that period;

2.2 To suspend, as a consequence, the operation of the margin; and

2.3 To review the place-to-place survey methodology, with the purpose of improving its functioning, and to undertake a new round of surveys to verify the parities between duty stations;

3. INSTRUCT the President of the Federation of International Civil Servants' Associations and the Vice-President of the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System to present this resolution to the Chairman of the International Civil Service Commission for discussion in full session of the Commission;

4. INVITE the Chairman of the International Civil Service Commission to address the staff, meeting in an Extraordinary Assembly, on Friday, 24 July, at 1300 hours and inform them of the outcome of the Commission's deliberations on this resolution;

5. INFORM the Commission that it has instructed the Presidents of the Federation of International Civil Servants' Associations and the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System to take all measures necessary of a technical, political, or staff action nature until the objectives of this resolution are achieved;

6. REQUEST the International Civil Service Commission to include the text of this resolution in its report to the forty-seventh session of the United Nations General Assembly.

Appendix II

FICSA POSITION PAPER ON THE PENSIONABLE REMUNERATION OF STAFF IN THE GENERAL SERVICE AND RELATED CATEGORIES

Introduction

1. In 1988, the United Nations Joint Staff Pension Board (UNJSPB), following a recommendation of its Standing Committee, requested that a study of the methodology for determining the pensionable remuneration and consequent pension of General Service and related categories of staff be conducted in collaboration with the International Civil Service Commission (ICSC). The Standing Committee had made the recommendation in 1987 as a result of situations where initial local currency pensions of General Service staff were suddenly perceived as being too high in comparison with those of Professionals; these situations resulted from the deterioration of initial local currency pensions of Professional staff retiring in high-cost countries.

2. At its March 1990 session, ICSC decided to undertake, on a priority basis, the comprehensive review of the pensionable remuneration and consequent pensions of General Service staff. The Commission agreed that the review would be undertaken in close cooperation and consultation with UNJSPB.

3. From the onset, the Federation of International Civil Servants' Associations (FICSA) was among those who expressed doubts as to the need for and the usefulness of such a study, since it considered that by and large the United Nations pension system as applied to General Service staff functioned correctly and required only minor modifications to ensure that it could cope better with specific situations. However, since the decision was taken to carry out such a review, FICSA agreed to participate. It made it clear however, that it would oppose any attempt to use this study for imposing arbitrary reductions of General Service pensionable remuneration.

4. The present document concentrates on the methodology for calculating General Service pensionable remuneration, based on the existing method for establishing net remuneration.

Reason for the study

5. By resolution 46/192, the General Assembly agreed that such a study be undertaken, especially because of the divergent views reflected in the respective reports of ICSC and UNJSPB, on whether the current methodology gave rise to inconsistencies and problems. The "inconsistencies" and "problems" identified by some members of ICSC were the overlap between Professional and General Service pensionable remuneration; the perceived "inequities" of the present system, which could produce "income-inversion"; and the impact of monetary fluctuations on General Service pensionable remuneration.

6. The term "income-inversion" describes a phenomenon whereby a General Service staff member can have a higher pensionable remuneration than a colleague in the Professional category who had a higher salary during his active life. This phenomenon occurred at such time and in such duty stations where the local currency had appreciated against the United States dollar (Geneva, Rome, Vienna and Tokyo, to name only a few).

7. Although the methodology for calculating and adjusting pensionable remuneration is more or less the same for both categories, there is one major difference:

(a) For General Service staff, the level of pensionable remuneration and its adjustment are directly related to the net salary in each duty station. The monthly contributions to the United Nations Joint Staff Pension Fund (UNJSPF) are made in local currency and correspond to a percentage of pensionable remuneration as defined by UNJSPB (at present 7.9 per cent);

(b) For Professional staff the level of pensionable remuneration and its adjustment are, since April 1987, directly related to the net salary and its adjustment at the base of the system, New York. The monthly contributions to the UNJSPF are made in United States dollars and are the same regardless of the duty station. Since the post adjustment varies from one duty station to another, there is only a direct relationship between pensionable remuneration and net salary at the base of the system. This relationship gets distorted with the increase or decrease in the level of post adjustment as compared to New York. This is illustrated by tables 1 and 2 which compare the pensionable remuneration/net remuneration ratio, the corresponding pension contribution/net remuneration ratio as well as the income-replacement ratio over time and in different duty stations of General Service and Professional staff. As can be seen, these elements vary much more for Professional than for General Service staff:

(i) The pension contribution of General Service staff is generally around 10 per cent of net remuneration, while for Professionals it varies between 8 and 11 per cent;

(ii) The same holds true for the income-replacement ratio, which for the General Service varies between 50 and 64 per cent, whereas for Professionals it ranges from 48.5 to 68.4 per cent;

(iii) In Geneva, the same applies with even greater variations in the Professional category. Here the contribution rate of General Service staff is also around 10 per cent of net remuneration, while that of Professionals varies between 10.6 and 5.2 per cent, or half that of General Service. For the income-replacement ratio, that of General Service staff has gone from 61.6 to 65.9 per cent and for the Professionals from 67.7 to 33.4 per cent;

(iv) Although the salary of Professional staff was considerably higher than that of General Service, their contributions to the Fund were nearly the same.

Table 1

Pensionable remuneration, contribution to UNJSPF and income-replacement ratio as a percentage of net salary in Geneva for selected years

Date	Exchange rate	G-5/VI a/ without dependants			P-4/XII a/ with dependants		
		PR/net %	Contr./ net %	IRR %	PR/net %	Contr./ net %	IRR %
Jan. 83	1.99	134.2	9.4	62.1	116.8	8.2	54.0
Jan. 84	2.18	136.6	9.9	63.2	122.3	8.5	56.6
Jan. 85	2.58	135.9	9.8	62.9	136.5	9.9	63.1
Mar. 85	2.83	134.9	9.8	62.4	146.4	10.6	67.7
Jan. 86	2.09	135.4	9.8	62.6	116.6	8.4	53.9
Jan. 87	1.63	135.3	9.8	62.6	93.9	6.8	43.4
Jan. 88	1.29	135.3	9.8	62.6	72.2	5.2	33.4
Jan. 89	1.51	136.4	10.2	63.1	91.6	6.8	42.4
Jan. 90	1.53	139.5	10.5	64.5	95.4	7.2	44.1
Jan. 91	1.27	142.6	11.2	65.9	83.0	6.5	38.4
Jan. 92	1.42	133.1	10.5	61.6	96.4	7.6	44.6

Source: FICSA, compounded from official statistics.

IRR - income-replacement ratio.

a/ With 25 years of contributory service.

Table 2

Pensionable remuneration, contribution to UNJSPF and income-replacement ratio as a percentage of net salary for a G-5, step VI, and a P-4, step XII, with 25 years of contributory service in eight headquarters duty stations as of 1 February 1992

Duty stations	Post adj. multiplier	PR as % of net remuneration		Contribution to UNJSPF as % of net remuneration		IRR	
		GS	P	GS	P	GS	P
Geneva	91.0	133	105	10.5	8.29	61.6	48.5
Montreal	39.6	129	144	10.2	11.3	59.2	68.2
London	68.2	133	119	10.5	9.4	61.6	56.6
New York	53.6	135	130	10.7	10.3	62.6	62.0
Paris	67.4	131	120	10.3	9.5	60.6	56.9
Rome	60.4	139	125	10.9	9.9	64.3	59.4
Vienna	68.8	135	119	10.6	9.4	62.3	56.4
Washington	39.2	131	144	10.6	11.4	60.7	68.4

Source:

FICSA from official statistics.

IRR - income-replacement ratio.

This is entirely due to exchange rate fluctuations. After the introduction on 1 April 1992 of the new adjustment system of initial local currency pensions for Professional staff, this situation has been redressed.

Decisions/recommendations by the General Assembly, the International Civil Service Commission and the United Nations Joint Staff Pension Board

8. At their February and March 1991 sessions respectively, the Board and the Commission examined a note prepared jointly by their two secretariats as reviewed and revised by the Joint Preparatory Working Group established by the

two bodies. FICSA participated in this working group and subsequently submitted a position paper on the pensionable remuneration and consequent pensions of Staff in the General Service and related categories to ICSC at its thirty-third session (ICSC/33/R.8/Add.4). Further reports were considered by the Commission and the Board at their July and August sessions respectively. No agreement was reached at the Board either on retaining the existing methodology or supporting an alternative one. The Board therefore suggested to the Commission that, pending study of alternative methodologies, the current one should continue to apply, subject to the review of the current staff assessment rates.

9. As regards the future programme of work, the Board suggested studies of (a) the feasibility of determining General Service pensionable remuneration and consequent pensions by reference to the best prevailing practices in each locality; (b) the income-replacement approach; (c) the "band approach" or (d) direct application of local tax rates to derive gross salaries and, hence, pensionable remuneration from the net pensionable salaries.

10. The Board also indicated its intention to consider further, in conjunction with the study of alternative methodologies, (a) the current definition of General Service pensionable remuneration; (b) minimum pensions; (c) the procedures for determining the final average remuneration (FAR); (d) the adjustment of pensions in countries with high inflation rates; and (e) pension entitlements of internationally recruited General Service staff.

11. At its August 1991 session, ICSC concluded that:

(a) For the present, the Commission would bring to the attention of the General Assembly the scope of the problems and the complexities involved;

(b) The secretariats of ICSC and of UNJSPB would undertake a study of the local practices as regards pensions;

(c) Concurrently with (b) above, the two secretariats would collect all relevant data concerning the introduction of the income-replacement approach in conjunction with local taxes for consideration by the Commission and by the Board in 1992;

(d) A progress report on the study in (b) above would be submitted to the Commission at its spring 1992 session. On the basis of that progress report the Commission would decide on the advisability of pursuing the local practice approach;

(e) On the basis of the final reports from the two secretariats concerning the studies outlined in (b) and (c) above and in close cooperation and consultation with the Board, the Commission would formulate its final recommendations concerning the methodology to determine the pensionable remuneration and consequent pensions of General Service and related categories of staff, for submission to the General Assembly at its forty-seventh session.

12. This phased approach was accepted by the General Assembly in 1991.

13. At its thirty-fifth session, the Commission considered a document on various methodologies for determining the pensionable remuneration for General Service staff, jointly prepared by the two secretariats and decided that, for its analysis, a working group of three of its members, three nominated by the organizations and two each by the Coordinating Committee for Independent Staff Unions and Associations (CCISUA) and FICSA be established. It also defined the terms of reference of this working group.

14. The Group met in New York from 18 to 23 May 1992. Its report was submitted to the Board in June 1992 and to the ICSC at its July 1992 session (ICSC/36/R.12). FICSA participated in this working group exclusively to identify, in a technically sound and objective manner, the advantages and disadvantages of the different options selected by ICSC.

Pension system

15. As expressed by the Expert Group on Pensionable Remuneration, set up in 1958 by the Administrative Committee on Coordination (ACC):

> "... the principle underlying any comprehensive retirement scheme is that it should be such as to guarantee to participants reaching the age of retirement a benefit on which they may support themselves under conditions not too markedly different from those enjoyed during their closing years of service."

16. The basic element for determining the pensionable remuneration of General Service staff is the net salary, to which staff assessment is applied. The issue of overlapping in salary scales, as well as of gaps between General Service and Professional scales, are irrelevant to a review of pension benefits, since such benefits can be computed only from actual salaries and certainly not from what they should or might be.

Which system to choose?

17. Two systems can be considered: a universal one like the present system or one based on local conditions. While from a theoretical point of view the latter seems appealing, it will in practice be very difficult to apply. A national system is extremely sensitive to the economic and political situation in the country concerned. The instability and sharp inflation that are witnessed in many countries endanger the efforts made by workers to obtain a reasonable level of pension. Moreover, in some countries there is no pension system or, if it exists, the countries cannot ensure that the pension scheme can offer adequate pensions and cope with galloping inflation. To these disadvantages should be added that the pension scheme should reflect the situation found in the employers retained for salary surveys. However, these employers, or part of them, can change from one survey to another, thus affecting the pension of staff in that locality. In addition, employers, for reasons of their own or to comply with local legislation, change their pension

schemes over time. In this connection it should be noted that, to be viable, a pension scheme should be stable. The United Nations has up to now guaranteed this stability in their pension scheme. It would be regrettable if the fundamental principle to guarantee to staff an adequate and stable pension, which is not affected by the socio-economic situation of the country where they happen to work, was endangered by short-sighted political decisions. In addition, as such a system would vary from country to country, it would not be possible to ensure that staff in the different duty stations receive the same social security coverage.

18. As to the universal system, it is the one we have now, based on a single currency, the United States dollar. It functions well and ensures pension benefits which bear a direct relationship to the net salary before retirement and therefore ensures equitable pensions as far as General Service and related categories of staff are concerned (see ICSC/33/R.8/Add.4).

Review of the options retained by the International Civil Service Commission

(a) Tax factor to be used

19. Initially, the pensions of General Service staff were based on net salaries, but, as countries were taxing these pensions, a notion of "half-gross" was introduced in 1960 and "full-gross" from 1965 onwards. This methodology forms the core of a system applicable to all General Service staff, irrespective of their place of work.

Dollar-based staff assessment rates

20. Under the current methodology, the starting point for determining pensionable remuneration of General Service staff is their net base salary, established in accordance with the best prevailing employment conditions in each locality. The net salary is then grossed-up through reverse application of dollar-based staff assessment rates derived from the average of tax rates of several duty stations (at present 25).

21. It is a universal system based on averages and will therefore advantage some and disadvantage others. Up to now the results obtained can be considered as acceptable, although inflation and monetary fluctuations may have an impact on the level of pensions. But these problems are confined to certain countries and should be looked at in each specific case. In its position paper (ICSC/33/R.8/Add.4), FICSA outlined possible solutions to these problems. The Federation therefore maintains that the basic system is sound and should be retained. Table 3 illustrates this position. It shows that the net ratios are very close to those described "reasonable" by the General Assembly, i.e. 46.25 per cent of net salary after 25 years of service (see also table 9 for income-replacement ratios in 15 duty stations from 1985 to 1992 for a G-5, step VI, retiring at age 60 after 25 years of contributory service, calculated either with the current exchange rate or the 36-month average).

Table 3

Monthly net and gross pension in local currency for a G-5/VI retiring at age 60 with 25 years of contributory service and corresponding net salary at the beginning of the month of retirement

Specifications	Geneva	London	Montreal	New York	Paris	Rome	Vienna	Washington
January 1990								
Net salary (LC)	5 186	1 001	1 856	2 419	16 394	3 131 083	29 341	1 766
Gross pension (LC)	3 165	523	1 043	1 365	8 589	1 733 986	15 995	972
Net pension (LC)	2 443	418	836	1 084	6 795	1 377 999	12 711	781
* Tax rate %	22.8	20.0	19.8	20.57	20.89	20.53	20.53	19.60
IRR gross pension %	61.0	52.2	56.2	56.4	52.4	55.4	54.5	55.1
IRR net pension %	47.1	44.0	45.0	44.8	41.4	44.0	43.3	44.2
January 1991								
Net salary (LC)	5 905	1 285	1 949	2 561	17 146	4 013 167	30 529	1 968
Gross pension (LC)	3 345	607	1 083	1 443	9 201	1 962 696	17 606	1 032
Net pension (LC)	2 620	482	872	1 143	7 214	1 542 679	13 907	830
* Tax rate %	22.68	20.12	19.50	20.78	21.60	21.40	21.01	19.77
IRR gross pension %	56.6	47.2	55.6	56.3	53.7	48.9	57.7	52.5
IRR net pension %	44.4	37.5	44.7	44.6	42.1	38.4	45.5	42.2
January 1992								
Net salary (LC)	6 147	1 346	2 037	2 661	17 840	4 204 583	31 259	2 035
Gross pension (LC)	3 657	709	1 142	1 529	9 881	2 281 411	18 823	1 112
Net pension (LC)	2 824	537	918	1 209	7 737	1 785 660	14 500	890
* Tax rate %	22.77	20.50	19.75	20.95	21.70	21.73	21.37	20.00
IRR gross pension %	59.5	52.7	56.1	57.5	55.4	54.3	60.2	54.6
IRR net pension %	45.9	39.9	45.1	45.4	43.4	42.5	47.3	43.7

Source: FICSA. Data derived or computed from those published in official sources, i.e., organizations of the United Nations system in the duty stations concerned.

* Staff assessment rate for General Service and related categories as of 1 January 1992.

IRR Income-replacement ratio: gross or net pension as a percentage of net salary.

LC Local currency.

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22. The methodology used for establishing the staff assessment rates for General Service staff is similar to that used for the Professional category. The two major differences concern: (a) the number of countries retained to calculate the staff assessment (the seven headquarters duty stations for the Professional category and 25 for the General Service) and (b) the period over which the exchange rate is averaged (12 months for the Professional category and 36 months for the General Service). To limit the differences created by using two different scales future revisions of the scales for both categories should take place at the same time, using the same averaging period (12 or 36 months).

23. The newest staff assessment scale for General Service staff has produced higher rates of pensionable remuneration at low-income levels but much lower ones at higher levels. This has been most pronounced in high cost-of-living duty stations, where it has reduced the pensionable remuneration by more than 7 per cent (Geneva, Rome, Tokyo, Vienna). It should also be noted that this scale has an abnormally low progressivity, e.g. for a net salary of $10,000, the rate is around 20 per cent and for $80,000 only around 26.5 per cent. In most industrialized countries the taxation progressivity is much higher. FICSA is convinced that the progressivity of the new General Service staff assessment scale has been reduced to lower the pension at higher-income levels in that category.

24. The present system has the advantage of maintaining a close relationship between gross salary (derived from net salary) and pension, which is fundamental to all social security systems throughout the world and therefore, the methodology used for calculating the pension is, mutatis mutandis, similar to that used in all countries.

Use of local tax rates

25. This approach has the advantage of reflecting very closely local conditions, a feature which is important for social benefits such as pensions. Furthermore, it is easy to understand. However, it would be a departure from the universal concept and escape therefore the control of the common system.

26. On the other hand, this methodology would not be common to both categories of staff. It would be affected by local socio-economic conditions and political changes, which could result in drastic changes; it would be administratively burdensome, as it would have to be calculated and maintained for more than 150 duty stations; it will not be readily applicable in those duty stations where there is no well-developed taxation system and could therefore be subject to important modifications to follow national developments; it would have to be adjusted frequently to avoid large fluctuations in pensionable remuneration from one survey to another; it would not solve the problem of decreasing dollar pensions in soft-currency countries and finally, it would not be applicable to internationally recruited General Service staff.

27. Although this system can be an attractive solution for certain duty stations, FICSA is of the opinion that the advantages it offers are largely outweighed by the problems it creates. As far as the so-called "income-inversion" is concerned, this system would aggravate rather than eliminate this phenomenon.

28. FICSA does therefore not at present support this methodology but is ready to re-examine it in the light of detailed information for all duty stations concerned.

Outside surveyed gross salary data

29. This method is also based on outside local taxation. It is also very near to local conditions and should therefore be considered. It would however present the same problems as those mentioned in paragraph 26. In addition, outside gross salaries sometimes exclude elements which, in the United Nations system, are always considered as pensionable. It is well known that employers try to exclude as many elements as possible from salary to reduce their social charges. An analysis of the elements included in or excluded from outside gross salaries would therefore have to be made in each duty station; local tax rates would have to be used to compute the corresponding net salary or to include in the local pensionable remuneration elements which were excluded by the employers but which should be pensionable according to general social security principles.

30. With no data at hand, it was not possible to assess if and how this method would address the problems faced in countries with high inflation.

The band approach

31. The band approach, which has been proposed by the Consultative Committee on Administrative Questions (CCAQ), is a universal system which presents a number of advantages: it is closer to actual taxation rates in each individual country than the present system; it could be applied to headquarters as well as non-headquarters duty stations; it would automatically take into account inflation, as an increase in net salary would result in an identical increase in gross remuneration; it would not be affected by exchange rates; it would avoid undercompensating staff at high levels in low-income countries and over-compensating staff at low levels in high-income countries.

32. However, as all averages, it will advantage some and disadvantage others. Furthermore, it will not address the problem of decreasing dollar pensions encountered in countries with high inflation or strong depreciation of the local currency.

33. Nevertheless, this alternative could be interesting and its application should be studied further.

Conclusion on tax factor to be used

34. While FICSA does not feel that the local taxation methodology (use of local tax rates, outside surveyed gross salary data) can be applied, the potential of the band approach should be further investigated. In the meantime, the present system should be retained.

(b) Portion of net remuneration retained for calculating pensionable remuneration

35. In practically all countries, including the comparator for the Professional category, the pension is based on total gross salary. This is also the case in all other international organizations outside the common system. In the United Nations system, the basis for calculating pensionable remuneration is the net salary, which is grossed up by reverse application of the tax factor. Therefore, it is the total net remuneration which should be taken into consideration to arrive at the pensionable remuneration.

36. The application to the General Service category of income-replacement rates derived from partial grossing up of net salary, whichever the tax factor used (the United States dollar-based staff assessment method, the band approach or the local tax method) will have to be based on an arbitrarily chosen length of service and will therefore undercompensate staff with more years of service than the chosen average. Even if the maximum length of service was used (i.e. 35 years), this approach would still represent a step backwards towards the so-called "half-gross" methodology, which was considered inadequate as early as 1965. The only aim of such a partial grossing-up procedure is to reduce arbitrarily pensionable remuneration and consequent pensions. Such a methodology is open to all kinds of future manipulations and is inconsistent with all social security principles and practices.

37. FICSA strongly opposes any departure from the present methodology and any attempt to take into account only part of net remuneration for grossing up purposes. A departure from this principle would be seen as a deliberate decision to lower the pensions of General Service staff with no technical justification whatsoever.

38. FICSA is totally against the specific approach of using predetermined income-replacement ratios, for the reasons given below.

Income-replacement approach

39. This method was introduced in 1987 as the basis for determining the pensionable remuneration of staff in the Professional and higher categories and is described in document ICSC/36/R.11. It takes into account only part of the net remuneration for grossing-up purposes and has led to unacceptably low levels of pensionable remuneration and consequent pensions for the Professional category. Table 4 shows that the level of pensionable remuneration in the United Nations is on average more than 8 per cent lower than in the United States civil service, while it should at least be as high.

The failings of the income replacement approach used for the Professional category would therefore automatically be projected to the General Service staff.

40. Two reasons were given for studying this method: the salary overlap between the Professional and the General Service categories and the perceived "inequities" created by income-inversion, i.e. different levels of pensionable remuneration for identical levels of net remuneration.

41. The use of staff assessment calculated with criteria specific to each category and at different dates will inevitably create differences which, according to the level of net remuneration and the date at which it became operational, may produce higher pensionable remuneration in favour of one category or the other. The staff assessment rates used for the Professional category are not directly comparable to those used for the General Service, since the former refer to officials with dependants and the latter to officials without dependants (see for example document ICSC/36/R.11). A correct comparison can be made only between the income-replacement ratios for single staff in both categories. Comparing staff with dependants in both categories would not be correct owing to the social component of the General Service dependency allowance. One should however not forget that the decision to use two different scales was made on purpose to take into account the specificity of the two categories of officials and the ensuing differences can therefore <u>not</u> be considered as "inequities".

42. From a technical point of view, the pension system for the Professional category is designed to provide the same level of pension in United States dollars whatever the place of retirement; the level of this pension is determined by the level of net salary in New York. Therefore the income-replacement ratio varies from place to place according to the difference in post adjustment between the base city and the locality concerned. Table 5 shows that the income-replacement ratio for a P-1, step I, with dependants and 25 years of contributory service varied in March 1992 between 73 and 49 per cent. For 35 years of contributory service, the percentage varies between 105 and 70 per cent. Table 6 shows the distribution of countries and/or areas by multiplier range (New York being at present at level 45). To apply this system to the General Service category as described in document ICSC/36/R.11 will inevitably introduce inequities between duty stations that are much more pronounced than in the present system.

43. Furthermore, this approach is very sensitive to monetary fluctuations as is clearly shown in the example given in table 7 for Geneva, London, Paris, Rome and Vienna. This table is based on the situation of a P-4, step XII, but the results would be similar for any other grade.

44. Finally, this method is based on a single comparator and is therefore influenced by political decisions taken in that country as regards taxation.

45. FICSA is therefore strongly opposed to the adoption of such a methodology, which has no technical justification, would introduce inequities and would transform the pension system into a lottery.

Table 4

Pensionable remuneration and consequent pension of staff in the Professional and higher categories in the United Nations system and for corresponding levels in the United States Federal Civil Service according to comparable levels of net remuneration

	United Nations				United States Federal Civil Service				US/UN
Grade & step	Net 1/ 2/ remuneration $	Gross 1/ remuneration $	Pension 3/ benefit $	IRR 4/ %	Net 5/ equivalent $	Gross 6/ remuneration $	Pension 3/ 5/ benefit $	IRR 7/ %	Difference 8/ in IRR
P-1/V	38 147	41 714	19 293	50.58	38 306	45 877	21 218	55.39	+ 9.5
P-2/VII	49 471	55 969	25 886	52.33	49 728	60 791	28 116	56.54	+ 8.0
P-3/VI	57 823	66 895	30 939	53.51	57 890	71 451	33 046	57.08	+ 6.7
P-4/II	62 740	72 975	33 751	53.80	62 676	79 481	36 760	58.65	+ 9.0
P-4/VI	65 405	76 633	35 443	54.19	65 815	83 479	38 609	58.66	+ 8.2

1/ As of May 1992.

2/ In New York.

3/ 46.25 per cent of gross or pensionable remuneration, corresponding to 25 years of contributory service.

4/ Income replacement ratio. Ratio between columns 3 and 1.

5/ Remuneration of the Professional and higher categories: monitoring of pensionable remuneration. Note by the ICSC secretariat (document ICSC/34/R.3).

6/ Computed by FICSA. Ratio between pension benefit in column 7 and 0.4625.

7/ Income-replacement ratio. Ratio between columns 7 and 5.

8/ Income-replacement ratio. Ratio between columns 8 and 4.

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Table 5

Income-replacement ratio for a P-1/I with dependant according to the level of post adjustment in the country or area of retirement and years of contributory service, selected dates

Dates	Multiplier				
	0	15	30	40	50
1 July 1990					
Net salary a/	20 970	24 116	27 261	29 358	31 455
PR a/	33 769	33 769	33 769	33 769	33 769
IRR b/ 25 years	74.48	64.76	57.29	53.20	49.65
30 years	90.58	78.76	69.67	64.70	60.38
35 years	106.69	92.76	82.06	76.21	71.12
1 November 1991					
Net salary a/	22 018	25 321	28 623	30 825	33 027
PR a/	36 919	36 919	36 919	36 919	36 919
IRR b/ 25 years	77.55	67.43	59.65	55.39	51.70
30 years	94.32	82.01	72.55	67.37	62.88
35 years	111.09	96.59	85.44	79.34	74.06
1 March 1992					
Net salary a/	23 339	26 840	30 341	32 675	35 009
PR a/	36 919	36 919	36 919	36 919	36 919
IRR b/ 25 years	73.16	63.62	56.28	52.26	48.77
30 years	89.78	77.38	68.45	63.56	59.31
35 years	104.80	91.13	80.62	74.86	69.86

a/ Official data.

b/ Accumulation rates as of 1 January 1983.

For an official retiring at age 60 after 25, 30 and 35 years of contributory service, a pension corresponding to 46.25 per cent, 56.25 per cent or 66.25 per cent of final average remuneration (FAR) will be received. For simplification, the pensionable remuneration (PR) at the date concerned was used instead of the FAR.

Table 6

Countries and/or areas by level of multiplier

(February 1992)

Level of the multiplier	Countries and/or areas	
	Number	Per cent
Below 7.5	13	7.2
7.5-22.5	53	29.3
22.5-35.0	42	23.2
35.0-45.0	16	8.8
45.0-55.0	24	13.3
55 and over	33	18.2
Total	181	100.0

Source: ICSC historical data report (ICSC 60-2-1), 27 April 1992.

Table 7

Predeterminated income-replacement ratios

Case of a P4 step 12 with dependants and 25 years of contributory service.
(January 1985 - February 1992)

		Geneva		London		Montreal		New York		Paris		Rome		Vienna		Washington	
		36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate	36 month average	current exch. rate
1985	Jan	$2.93	63.12	$5.62	71.41	68.14	71.41	$7.96	$7.96	$7.85	71.97	67.27	83.38	$8.29	69.27	60.64	60.64
	Feb	$3.13	64.89	$5.95	73.69	67.82	71.41	$7.96	$7.96	$7.73	71.97	66.90	83.38	$8.37	70.32	60.64	60.64
	Mar	$2.96	67.75	$5.97	74.88	67.13	73.10	$7.96	$7.96	$7.96	74.88	65.39	86.28	$7.96	71.97	60.64	60.64
	Apr	$4.49	64.44	$6.67	67.75	67.37	73.10	$7.96	$7.96	$9.76	71.41	66.59	82.69	$0.12	69.27	60.64	60.64
	May	$4.97	64.44	$9.23	67.75	68.07	73.10	$7.96	$7.96	$0.47	71.41	66.46	82.69	$9.49	69.27	60.64	60.64
	Jun	$5.70	63.56	$9.79	67.75	67.78	73.10	$7.96	$7.96	$1.20	71.41	67.27	82.69	$0.54	69.27	60.64	60.64
	Jul	$6.10	62.69	$0.72	65.82	68.39	73.10	$7.96	$7.96	$2.72	71.41	67.19	79.38	$0.94	69.27	60.64	60.64
	Aug	$7.67	$7.96	$1.97	$1.04	69.03	73.10	$7.96	$7.96	$4.48	$8.25	$8.66	76.75	$3.40	$5.82	60.64	60.64
	Sep	$7.80	$7.96	$1.30	$4.89	69.21	73.10	$7.96	$7.96	$5.66	$6.77	$8.29	78.04	$4.21	$4.44	60.64	60.64
	Oct	$8.52	$5.87	$2.52	$1.44	69.39	73.10	$7.96	$7.96	$6.81	$4.89	$0.51	73.10	$2.04	$2.69	60.64	60.64
	Nov	$8.78	$4.88	$3.16	$0.24	$8.58	73.10	$7.96	$7.96	$6.90	$4.00	$0.50	73.10	$2.20	$2.69	$8.71	$8.71
	Dec	$9.11	$3.92	$3.83	$9.09	69.41	74.28	$7.96	$7.96	$7.79	$1.85	$1.78	$1.41	$7.51	$1.44	$8.71	$8.71
1986	Jan	$9.18	$3.92	$3.38	$0.24	69.63	74.28	$7.96	$7.96	$8.02	$1.85	$2.19	$1.41	$8.37	$1.44	$8.71	$8.71
	Feb	$9.80	$2.39	$2.89	$1.44	69.53	75.49	$7.96	$7.96	$8.63	$9.85	$3.42	$8.75	$9.70	$9.09	$8.71	$8.71
	Mar	$0.71	$9.32	$3.77	$8.34	70.77	75.49	$7.96	$7.96	$0.17	$6.21	$5.14	$4.44	$0.88	$6.36	$8.71	$8.71
	Apr	$9.79	$1.51	$3.26	$9.09	71.01	75.49	$7.96	$7.96	$9.17	$8.71	$3.91	$7.25	$9.86	$7.61	$8.71	$8.71
	May	$0.79	$8.54	$4.23	$6.36	70.60	74.28	$7.96	$7.96	$9.81	$7.26	$5.08	$4.00	$0.69	$5.54	$8.71	$8.71
	Jun	$9.99	$0.12	$3.77	$7.96	71.33	74.28	$7.96	$7.96	$8.91	$9.47	$4.04	$5.82	$9.54	$7.61	$8.71	$8.71
	Jul	$0.47	$8.28	$3.81	$7.96	71.04	74.28	$7.96	$7.96	$9.35	$8.71	$4.21	$4.89	$0.23	$6.36	$8.71	$8.71
	Aug	$0.96	$5.66	$3.84	$7.96	71.26	74.28	$7.96	$7.96	$9.32	$7.61	$5.01	$2.27	$1.03	$4.88	$8.71	$8.71
	Sep	$9.56	$3.84	$3.67	$7.83	72.18	$5.00	$7.96	$7.96	$9.35	$5.81	$5.09	$1.04	$0.38	$2.51	$8.71	$8.71
	Oct	$9.20	$3.84	$3.47	$9.93	72.41	$5.00	$7.96	$7.96	$9.07	$5.81	$4.21	$1.12	$9.93	$2.51	$8.71	$8.71
	Nov	$8.71	$4.52	$3.12	$0.80	72.63	$5.00	$7.96	$7.96	$8.39	$5.81	$3.97	$0.24	$9.51	$2.51	$8.71	$8.71
	Dec	$8.34	$4.52	$3.89	$0.72	72.86	$5.00	$7.96	$7.96	$8.82	$5.07	$6.48	$9.47	$9.02	$2.51	$8.71	$8.71
1987	Jan	$8.26	$3.43	$4.14	$9.47	73.07	$5.00	$7.96	$7.96	$8.74	$4.36	$6.07	$9.47	$8.99	$1.80	$8.71	$8.71
	Feb	$8.68	$0.64	$4.89	$7.40	73.97	$3.57	$7.96	$7.96	$9.25	$1.98	$4.46	$5.14	$0.57	$8.16	$8.71	$8.71
	Mar	$7.93	$1.26	$4.83	$7.40	$4.66	$3.57	$7.96	$7.96	$8.43	$1.98	$3.58	$6.28	$9.46	$9.00	$8.71	$8.71
	Apr	$4.86	$9.39	$2.92	$3.44	$2.36	$9.65	$5.85	$5.85	$5.91	$0.07	$0.50	$4.22	$5.10	$5.61	$6.56	$6.56
	May	$4.43	$8.18	$3.03	$2.37	$0.93	$9.76	$5.85	$5.85	$5.72	$9.40	$0.09	$4.22	$4.47	$5.24	$6.56	$6.56
	Jun	$3.84	$8.91	$2.03	$2.43	$0.47	$9.76	$5.85	$5.85	$5.16	$9.40	$9.65	$4.22	$3.83	$5.61	$6.56	$6.56
	Jul	$3.24	$8.91	$2.11	$3.44	$0.53	$9.76	$5.85	$5.85	$4.29	$0.07	$8.47	$4.28	$3.07	$6.27	$6.56	$6.56
	Aug	$2.52	$9.64	$1.00	$3.44	$0.56	$9.76	$5.85	$5.85	$3.57	$0.64	$7.53	$5.36	$2.26	$6.91	$6.56	$6.56
	Sep	$1.74	$8.51	$0.79	$2.37	$1.21	$9.33	$5.85	$5.85	$2.57	$9.68	$6.85	$4.22	$1.31	$5.66	$6.56	$6.56
	Oct	$0.98	$9.22	$0.33	$2.37	$9.59	$7.23	$5.85	$5.85	$2.03	$9.68	$6.19	$4.22	$0.41	$5.99	$6.56	$6.56
	Nov	$0.43	$7.07	$0.41	$0.01	$9.59	$7.23	$5.85	$5.85	$1.58	$9.02	$6.06	$2.43	$9.69	$3.99	$6.56	$6.56
	Dec	$9.76	$5.11	$0.59	$8.44	$9.59	$7.23	$5.85	$5.85	$1.40	$7.25	$5.71	$1.11	$8.96	$1.64	$6.56	$6.56

Table 7 (continued)

1988	Jan	49.01	33.42	60.26	46.96	70.11	67.23	$5.85	$5.85	61.15	45.61	65.07	$0.41	$8.03	40.29	$6.56	$6.56
	Feb	47.94	34.89	$8.56	48.76	68.06	64.32	$5.85	$5.85	$9.65	46.96	63.65	$1.40	$6.77	42.31	$6.56	$6.56
	Mar	46.80	35.84	$7.71	48.76	68.99	64.32	$5.85	$5.85	$8.33	47.56	62.66	$1.40	$5.56	42.97	$6.56	$6.56
	Apr	45.91	35.84	$7.81	47.10	67.54	61.65	$5.85	$5.85	$7.96	47.51	61.78	$1.40	$4.65	42.31	$6.56	$6.56
	May	45.01	35.84	$7.29	46.86	67.36	61.65	$5.85	$5.85	$6.88	47.51	60.52	$1.11	$3.62	42.31	$6.56	$6.56
	Jun	45.83	38.26	$8.55	48.89	69.78	64.05	$6.26	$6.26	$6.83	48.89	60.42	$3.22	$4.61	45.03	$8.76	$8.76
	Jul	44.90	40.25	$7.26	$2.32	69.83	62.75	$6.26	$6.26	$5.38	$1.33	$9.22	$4.28	$3.41	47.43	$8.76	$8.76
	Aug	$4.29	41.00	$7.12	$1.67	68.25	61.50	$6.26	$6.26	$3.96	$1.39	$7.75	$5.72	$2.60	48.48	$8.76	$8.76
	Sep	43.57	41.89	$6.58	$3.10	67.83	62.32	$6.26	$6.26	$3.39	$2.14	$7.06	$6.67	$1.93	48.84	$8.76	$8.76
	Oct	43.12	41.89	$6.28	$3.10	68.19	62.32	$6.26	$6.26	$2.93	$2.49	$6.59	$7.02	$1.26	48.84	$8.76	$8.76
	Nov	42.91	40.01	$6.19	50.88	68.16	61.50	$6.26	$6.26	$2.72	$0.32	$6.34	$4.03	$0.70	46.76	$8.76	$8.76
	Dec	42.54	38.51	$6.03	49.04	67.88	61.50	$6.26	$6.26	$2.44	48.78	$6.00	$2.73	$0.27	45.03	$8.76	$8.76
1989	Jan	44.15	42.35	$8.42	$3.06	71.13	64.69	$6.77	$6.77	$4.67	$2.88	$8.40	$6.11	$2.22	49.24	61.82	61.82
	Feb	43.55	44.31	$7.97	$3.94	71.38	64.69	$6.77	$6.77	$4.22	$4.79	$7.85	$8.06	$1.68	$0.68	61.82	61.82
	Mar	43.52	43.40	$7.71	$3.94	70.48	64.69	$6.77	$6.77	$4.16	$4.24	$7.68	$8.06	$1.40	$0.68	61.82	61.82
	Apr	42.79	45.68	$7.27	$5.92	70.17	64.69	$6.77	$6.77	$3.86	$5.35	$7.27	$8.19	$1.00	$1.76	61.82	61.82
	May	45.00	48.20	$7.64	$6.14	71.17	65.34	$7.33	$7.33	$6.80	$7.96	$8.96	60.43	$3.67	$4.30	65.34	65.34
	Jun	43.58	49.64	$7.17	60.29	69.73	65.34	$7.33	$7.33	$6.24	61.73	$7.64	62.26	$1.96	$6.82	65.34	65.34
	Jul	43.90	47.84	$6.92	60.29	69.45	65.34	$7.33	$7.33	$6.26	60.43	$7.48	61.36	$1.92	$5.78	65.34	65.34
	Aug	44.01	46.56	$6.97	$7.20	69.16	65.34	$7.33	$7.33	$6.33	$8.37	$7.78	$8.97	$2.51	$3.74	62.56	62.56
	Sep	43.86	47.84	$5.79	$8.44	69.31	64.12	$7.33	$7.33	$6.10	60.00	$6.88	60.64	$1.63	$5.72	62.56	62.56
	Oct	43.92	47.05	$5.74	$7.65	68.96	64.12	$7.33	$7.33	$6.16	$8.77	$6.85	$9.38	$1.73	$3.91	62.56	62.56
	Nov	43.92	46.25	$4.97	$8.44	68.67	64.12	$7.33	$7.33	$6.25	$7.59	$6.92	$8.24	$1.72	$2.42	62.56	62.56
	Dec	43.86	46.25	$4.45	$8.50	68.92	64.12	$7.33	$7.33	$6.22	$6.39	$7.22	$7.27	$1.61	$1.27	62.56	62.56
1990	Jan	43.98	44.14	$4.51	$6.64	66.92	62.56	$7.33	$7.33	$6.39	$3.13	$7.21	$6.02	$1.68	48.70	62.56	62.56
	Feb	44.80	43.80	$5.57	$5.82	66.52	64.01	$5.82	$5.82	$7.31	$3.81	$8.40	$5.64	$2.52	49.16	63.62	63.62
	Mar	44.77	43.80	$5.41	$5.52	65.77	64.01	$5.82	$5.82	$7.21	$3.81	$8.35	$5.64	$2.41	49.16	61.02	61.02
	Apr	44.74	43.80	$4.29	$6.97	65.90	63.24	$5.82	$5.82	$7.03	$4.20	$7.92	$5.70	$2.30	49.95	61.02	61.02
	May	44.81	43.01	$4.32	$6.97	65.96	62.48	$5.82	$5.82	$5.44	$1.83	$6.20	$3.04	$2.26	49.16	61.02	61.02
	Jun	44.84	41.64	$3.70	$3.48	64.63	62.48	$5.82	$5.82	$3.41	$1.53	$6.12	$2.41	$2.16	49.16	61.02	61.02
	Jul	45.24	42.09	$3.73	$2.43	64.23	61.80	$5.85	$5.85	$5.49	$1.71	$6.20	$2.57	$2.38	49.06	60.80	60.80
	Aug	45.40	40.66	$4.05	$0.01	64.36	60.62	$5.85	$5.85	$5.31	$0.50	$6.44	$1.45	$2.56	48.14	60.80	60.80
	Sep	45.36	39.20	$3.96	48.03	63.80	59.83	$5.85	$5.85	$5.71	48.37	$6.36	49.83	$2.54	46.20	60.80	60.80
	Oct	45.19	39.20	$3.62	49.30	63.45	60.27	$5.85	$5.85	$5.38	48.83	$6.06	$0.36	$2.27	46.56	60.80	60.80
	Nov	45.07	39.20	$3.60	47.59	62.86	60.96	$3.11	$3.11	$5.35	47.31	$6.07	49.24	$2.21	44.99	60.80	60.80
	Dec	45.07	38.36	$3.60	47.04	62.66	60.96	$3.11	$3.11	$5.22	46.86	$6.01	48.43	$2.17	44.21	$8.22	$8.22
1991	Jan	45.06	38.36	$0.50	45.73	59.80	$8.39	$3.11	$3.11	$2.54	45.99	$5.57	48.14	$2.00	45.38	$8.22	$8.22
	Feb	44.99	38.36	$0.54	44.84	59.63	$8.39	$3.11	$3.11	$2.65	48.13	$5.42	48.14	$1.97	44.21	$8.22	$8.22
	Mar	47.10	41.49	$2.84	48.07	62.59	60.92	$5.81	$5.81	$4.94	48.52	$8.06	$1.23	$4.38	47.30	61.19	61.19
	Apr	46.59	45.37	$2.38	$1.75	62.48	60.92	$5.81	$5.81	$4.33	$2.34	$7.36	$6.42	$3.50	$2.20	61.19	61.19
	May	46.44	46.39	$2.31	$4.05	62.36	60.92	$5.81	$5.81	$6.03	$4.62	$7.26	$7.60	$3.46	$3.42	61.19	61.19
	Jun	46.69	45.67	$2.57	$2.40	62.24	60.92	$5.81	$5.81	$4.26	$3.35	$4.29	$3.77	$3.52	$2.60	61.19	61.19
	Jul	44.65	46.34	$2.37	$5.28	$9.53	$7.84	$5.81	$5.81	$4.05	$6.19	$4.07	$6.26	$2.91	$4.62	61.19	61.19
	Aug	44.86	45.67	$2.63	$3.70	$9.45	$7.84	$5.81	$5.81	$4.09	$4.92	$4.08	$5.28	$3.06	$3.56	61.19	61.19
	Sep	44.81	45.67	$2.63	$3.70	$9.34	$7.84	$5.81	$5.81	$4.00	$4.92	$3.99	$5.28	$2.97	$3.56	61.19	61.19
	Oct	44.85	44.30	$2.66	$2.40	$9.33	$7.44	$5.81	$5.81	$4.00	$3.21	$4.07	$3.42	$3.12	$1.68	61.19	61.19
	Nov	46.58	46.04	$4.76	$4.46	61.68	$9.28	$5.81	$5.81	$6.03	$5.30	$6.15	$4.25	$5.11	$3.71	63.59	63.59
	Dec	46.68	44.88	$4.96	$3.37	61.37	60.11	$5.81	$5.81	$6.18	$2.65	$6.16	$3.04	$5.26	$1.21	61.58	61.58
1992	Jan	46.75	42.56	$3.62	49.10	61.21	60.54	$5.81	$5.81	$5.34	49.32	$6.20	$2.33	$5.23	49.55	61.58	61.58
	Feb	46.40	44.88	$3.22	$0.96	61.01	61.40	$5.81	$5.81	$4.67	$1.21	$5.80	$3.44	$4.85	$0.78	61.58	61.58

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Interim adjustment procedures

46. FICSA regrets that the documentation provided to the working group by the ICSC secretariat presented data selected to demonstrate that there were important discrepancies between the evolution of gross and net remuneration due, in particular, to monetary fluctuation. The data given in table 8 clearly show that the differences between the increase in net and gross salaries reflect in the great majority of cases the impact of taxation progressivity.

47. The present system of grossing up the adjusted net remuneration should therefore be maintained. This holds true for all methods that are being proposed. Any attempt to change the methodology and apply the same increase to gross and net salary will result in an arbitrary reduction of pensionable remuneration, as it would not take into account the impact of taxation progressivity.

Table 8

Net and gross salary adjustment between salary surveys in selected duty stations, 1988-1992

(based on the salary of a G-5/VI)

Geneva			London			Montreal			New York		
	Adjustment %			Adjustment %			Adjustment %			Adjustment %	
Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net
Apr. 88	4.7	3.9	Mar. 88	10.6	9.0	Apr. 89	5.2	4.4	Dec. 88	4.6	4.1
Apr. 89	5.3	2.9	Dec. 88	6.2	5.1	Mar. 90	6.0	5.0	Oct. 89	5.5	4.9
Apr. 90	4.7	3.6	Aug. 89	5.8	5.1	Mar. 91	5.3	4.5	Sep. 90	6.7	5.9
Jan. 92	-2.5	4.1	Nov. 90	5.7	4.9				Sep. 91	4.4	3.9
			Sep. 91	5.0	4.7						

Paris			Rome			Vienna			Washington		
	Adjustment %			Adjustment %			Adjustment %			Adjustment %	
Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net
Jan. 88	3.5	2.8	Jun. 88	6.0	4.3	Mar. 88	3.8	2.1	Nov. 88	3.9	3.6
Jan. 89	4.7	2.7	May 89	9.2	7.3	Mar. 89	12.0	9.2	Oct. 89	5.6	5.0
Jan. 91	5.5	4.6	Jan. 91	11.1	9.4	Mar. 90	5.0	4.1	Aug. 91	3.8	3.4
Jan. 92	4.8	4.0	Jun. 91	5.5	4.8						

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Definition of net pensionable salary

48. The current approach by which some elements of net remuneration are deemed to be "non-pensionable" is totally unacceptable and classifying "non-taxable" elements as "non-pensionable" does not make sense. It is in total contradiction with the basic principle according to which pensions, including those paid to United Nations officials, should aim at guaranteeing a standard of living during retirement not too different from that achieved during active service.

49. These elements obviously play a role and sometimes a key role in the standard of living of serving officials. Therefore, there is no justification to omit them when establishing pensionable remuneration, the level of which will ultimately determine whether a decent pension can be earned.

50. Furthermore, it should be recalled that the vast majority of national social security legislation stipulates clearly that all regularly occurring elements of remuneration are to be taken into account for pension contribution and benefit purposes. This principle should also apply to the so-called "non-pensionable" cash component of net salary given at some duty stations as they can represent a significant portion of the total salary.

51. In any case, the working group lacked the detailed information needed for an in-depth study of this issue and for making objective recommendations. It was however clear that there was total confusion in this field and that different criteria were used in different duty stations.

52. FICSA insists that, for the time being, the present methodology should be maintained, but that a thorough study of which elements should actually be pensionable, according to social security principles, be made as a matter of urgency.

Conclusions on portion of net remuneration to be retained

53. FICSA insists that the following principles should prevail in any future methodology for determining net pensionable salary:

(a) All elements should be included, unless there is clear evidence that they should not be pensionable;

(b) Identical criteria should apply in all duty stations;

(c) With the removal of the non-pensionable element, it will no longer be necessary to maintain a margin to prevent abrupt changes in pensionable remuneration from one survey to another, owing to changes in the employers surveyed;

(d) In no case should pensionable remuneration be lower than net salary.

Recommendations and conclusions

54. FICSA considers that the present system for determining General Service pensionable remuneration is satisfactory. Some adjustments are needed to address problems created by rapid inflation and devaluation of the local currency with consequent reduction of the United States dollar pension. These problems have to be addressed by the Pension Board as a matter of urgency.

55. For calculating pensionable remuneration, the Federation maintains that the present dollar-based staff assessment method has to be retained for the time being. The band-approach methodology could however be studied further. The use of local taxes for grossing-up purposes is in our view not a viable solution at present, for reasons described in paragraph 26. Total net remuneration should be used to calculate pensionable remuneration as is the practice in all the countries.

56. The Federation is totally opposed to applying to General Service staff predetermined income-replacement ratios as used for the Professional category. It does not address the questions of income-inversion or of overlap, lacks any technical justification and would introduce inequities.

57. As to the definition of pensionable net salary, all elements should be considered for calculating pensionable remuneration, unless it is clearly shown that this should not be done.

58. Whatever system is retained, the level of pensionable remuneration should be adjusted between surveys. This adjustment should continue to be done in accordance with the methodology used at present, i.e. by grossing up net remuneration plus pensionable elements.

59. It is regrettable that the data contained in the documents given to the working group were incomplete and incompatible. It was therefore impossible to appreciate the real impact of the different methodologies proposed, in particular those based on outside gross and on the band approach. In the latter, the description of the methodology was not understandable and the data provided limited to one period.

60. The choice of a methodology for determining pensionable remuneration is of such importance, that the choice of data should have been made with utmost care and objectivity. FICSA had the distinct impression that the data used were chosen to reach specific objectives, i.e. a substantial reduction of the pensionable remuneration and consequent pension of General Service staff (see example in annex XI to document ICSC/36/R.12).

61. What FICSA wants for all staff is adequate pensions with no windfall gains or losses. A pension system should not be gambled with. The present document has been presented with this in mind.

Table 9

Income-replacement ratios for 15 duty stations

G5 step 6
(January 1985-February 1992)

	Geneva		London		Montreal		New-York		Paris		Rome		Vienna		Washington	
	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate
1985 Jan	68.0	61.1	$6.6	72.6	$4.5	$7.1	$7.0	$7.0	72.6	90.4	$4.3	67.3	64.4	76.5	$4.8	$4.8
Feb	66.0	60.6	$7.3	75.5	$4.7	$7.6	$5.4	$5.4	73.2	91.2	$4.8	68.3	62.4	75.1	$5.0	$5.0
Mar	66.5	65.1	$8.0	77.5	$5.0	$9.9	$5.7	$5.7	73.7	95.5	$5.3	73.0	62.6	77.7	$5.2	$5.2
Apr	64.4	76.2	$8.3	67.3	$3.7	$8.2	$6.0	$6.0	74.2	88.6	$5.8	69.3	62.6	72.1	$5.4	$5.4
May	64.7	75.9	$5.9	63.9	$3.9	$7.9	$6.3	$6.3	74.6	88.2	$6.5	70.3	62.8	73.2	$5.6	$5.6
Jun	64.8	73.9	$6.1	65.6	$4.1	$8.4	$6.6	$6.6	75.0	87.5	$7.0	79.1	63.0	72.1	$5.8	$5.8
Jul	64.7	72.3	$6.2	60.9	$4.3	$8.0	$6.9	$6.9	75.0	83.3	$7.2	67.6	63.0	71.8	$6.0	$6.0
Aug	64.4	64.7	$6.1	$5.3	$4.4	$7.6	$7.1	$7.1	74.7	79.0	$7.4	64.1	62.8	65.2	$5.8	$5.3
Sep	64.1	64.3	$6.3	$9.6	$4.6	$7.7	$7.4	$7.4	71.3	72.5	$7.6	65.8	62.6	62.8	$4.0	$4.0
Oct	63.7	60.9	$6.2	$5.3	$4.9	$7.8	$7.7	$7.7	70.8	68.7	$7.5	$9.6	62.3	63.0	$4.3	$4.3
Nov	63.4	$9.2	$6.3	$3.7	$5.1	$8.7	$7.9	$7.9	70.2	67.2	$7.5	$9.6	62.1	62.5	$4.5	$4.5
Dec	63.2	$7.6	$6.1	$2.0	$5.3	$9.2	$8.2	$8.2	69.6	63.5	$7.5	$7.2	61.7	56.2	$4.7	$4.7
1986 Jan	63.1	$7.5	$6.1	$3.3	$5.5	$9.2	$8.4	$8.4	69.5	63.0	$7.6	$7.0	61.6	$5.4	$5.0	$5.0
Feb	63.0	$5.2	$5.9	$4.6	$5.7	60.5	$7.4	$7.4	68.8	60.0	$1.5	48.2	61.4	$2.0	$5.2	$5.2
Mar	63.1	$1.2	$5.3	$0.8	$5.9	$9.7	$7.7	$7.7	68.5	$4.8	$1.8	44.4	61.2	48.8	$5.4	$5.4
Apr	63.5	$4.7	$5.4	$1.8	$4.2	$7.7	$7.9	$7.9	68.3	$7.9	$2.3	47.6	61.3	$0.5	$5.7	$5.7
May	63.5	$0.7	$2.5	46.3	$4.5	$7.3	$8.2	$8.2	67.9	$5.7	$2.6	44.8	61.2	48.1	$5.9	$5.9
Jun	63.9	$3.4	$2.8	48.0	$4.7	$6.9	$8.4	$8.4	67.7	$8.4	$3.1	47.2	61.3	$0.8	$6.1	$6.1
Jul	64.2	$1.2	$3.1	48.2	$4.9	$7.4	$8.7	$8.7	67.5	$7.1	$3.6	46.8	61.3	49.4	$6.4	$6.4
Aug	64.4	48.3	$3.4	48.5	$5.1	$7.5	$9.0	$9.0	67.2	$5.9	$4.0	44.8	61.4	47.4	$6.6	$6.6
Sep	64.7	47.6	$3.7	48.8	$5.3	$7.5	$9.2	$9.2	67.1	$4.0	$4.4	44.2	61.5	45.9	$6.7	$6.7
Oct	65.0	48.2	$4.1	$1.1	$5.6	$7.6	$9.5	$9.5	67.1	$4.2	$4.9	45.2	61.7	46.3	$6.9	$6.9
Nov	65.4	49.6	$4.5	$2.5	$5.8	$7.6	$9.7	$9.7	66.9	$3.6	$5.3	45.0	61.7	46.6	$5.9	$5.9
Dec	65.5	$0.0	$4.7	$2.0	$6.0	$7.6	$9.9	$9.9	64.0	$1.2	$5.6	43.2	61.7	46.9	$6.1	$6.1
1987 Jan	64.1	47.8	$4.7	$0.7	$6.2	$7.6	$8.8	$8.8	63.7	$0.4	$6.0	43.8	$9.6	44.7	$6.3	$6.3
Feb	64.1	44.4	$4.8	48.4	$6.3	$6.0	$9.0	$9.0	63.3	47.5	$4.3	40.2	$8.4	40.6	$6.4	$6.4
Mar	64.4	45.9	$5.0	48.7	$6.5	$5.7	$9.2	$9.2	63.2	48.0	$5.0	42.0	$5.1	38.9	$6.6	$6.6
Apr	64.6	46.4	$5.2	46.8	$5.1	$3.0	$9.3	$9.3	63.1	48.0	$5.5	42.7	$5.5	38.9	$6.8	$6.8
May	64.8	45.5	$2.8	43.9	$5.3	$4.4	$9.5	$9.5	63.1	47.4	$6.1	43.4	$5.9	39.2	$7.0	$7.0
Jun	65.1	47.0	$3.2	45.0	$5.5	$4.5	$9.6	$9.6	63.0	47.8	$6.5	44.0	$6.2	40.2	$7.1	$7.1
Jul	65.2	47.6	$3.5	46.0	$5.7	$5.0	$9.8	$9.8	62.8	48.9	$7.0	45.2	$6.5	41.4	$7.3	$7.3
Aug	65.3	49.2	$3.7	47.0	$5.8	$5.2	$9.9	$9.9	62.8	$0.0	$5.0	45.1	$6.8	42.8	$7.5	$7.5
Sep	65.3	48.6	$3.9	46.4	$5.9	$4.5	60.1	60.1	62.7	49.8	$5.4	44.9	$6.9	42.4	$7.6	$7.6
Oct	65.3	$0.2	$4.0	46.8	$6.1	$4.2	60.2	60.2	62.5	$0.0	$5.7	45.6	$7.0	43.4	$7.7	$7.7
Nov	65.1	47.9	$4.0	44.7	$6.2	$4.3	60.3	60.3	62.2	49.5	$5.9	44.4	$7.0	42.0	$5.5	$5.5
Dec	65.0	45.8	$4.0	43.2	$6.4	$4.5	$6.5	$6.5	61.9	47.6	$6.2	43.7	$4.2	38.3	$5.7	$5.7

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Table 9 (continued)

1988 Jan	64.8	44.2	$4.1	42.1	$6.5	$4.2	$6.8	$6.8	$9.8	44.6	$6.4	43.7	$4.4	37.7	$5.9	$5.9
Feb	64.7	47.1	$4.2	45.1	$6.6	$3.5	$7.0	$7.0	$9.6	46.9	$6.6	45.7	$4.5	40.6	$6.0	$6.0
Mar	64.2	49.2	$4.1	45.7	$6.7	$2.9	$7.1	$7.1	$9.2	48.2	$6.6	46.4	$3.3	41.2	$6.2	$6.2
Apr	61.5	48.0	49.8	40.6	$6.5	$1.6	$7.3	$7.3	$8.8	48.2	$6.7	47.2	$3.3	41.3	$6.4	$6.4
May	61.2	48.8	$0.1	41.0	$6.6	$1.6	$7.5	$7.5	$8.6	48.9	$6.7	47.9	$3.3	42.1	$6.6	$6.6
Jun	61.1	$1.0	$0.5	42.1	$6.7	$2.1	$7.6	$7.6	$8.3	$0.2	$4.4	47.9	$3.4	44.0	$6.7	$6.7
Jul	60.9	$4.6	$0.9	46.8	$6.8	$1.0	$7.8	$7.8	$8.2	$4.0	$4.6	$0.0	$3.4	47.4	$6.9	$6.9
Aug	60.9	$6.4	$1.4	46.5	$6.9	$1.3	$8.0	$8.0	$8.2	$5.4	$4.8	$2.8	$3.5	49.3	$7.1	$7.1
Sep	60.8	$6.5	$1.7	48.5	$7.1	$2.4	$8.1	$8.1	$8.2	$6.8	$4.9	$4.5	$3.7	$0.5	$7.2	$7.2
Oct	60.9	$9.1	$2.0	49.0	$7.2	$2.3	$8.3	$8.3	$8.2	$7.8	$5.1	$5.5	$3.8	$1.2	$7.3	$7.3
Nov	60.8	$6.7	$2.2	47.3	$7.3	$1.7	$8.4	$8.4	$8.2	$5.6	$5.2	$2.9	$3.8	49.6	$8.4	$8.4
Dec	60.7	$5.0	$0.0	43.8	$7.3	$1.9	$8.3	$8.3	$8.3	$4.2	$5.4	$2.2	$4.0	48.4	$5.5	$5.5
1989 Jan	60.8	$6.3	$0.5	45.8	$7.4	$2.2	$8.5	$8.5	$8.9	$5.0	$5.6	$3.5	$4.3	$1.2	$5.7	$5.7
Feb	61.0	62.0	$0.8	47.3	$7.4	$2.0	$8.6	$8.6	$9.1	$7.7	$6.0	$4.6	$3.5	$5.8	$5.8	$5.8
Mar	61.1	60.9	$1.3	47.9	$7.5	$2.8	$7.0	$7.0	$7.4	$7.5	$6.3	$6.2	$3.5	$6.0	$6.0	$6.0
Apr	59.5	63.5	$1.7	$0.5	$5.1	$0.8	$7.2	$7.2	$7.6	$9.2	$6.5	$6.7	$0.3	49.6	$6.2	$6.2
May	59.7	63.9	$2.1	$0.7	$5.2	$0.6	$7.4	$7.4	$7.8	$9.0	$6.7	$6.4	$0.7	$1.5	$6.3	$6.3
Jun	59.9	64.2	$2.6	$5.5	$5.3	$1.8	$7.6	$7.6	$8.0	$3.7	$3.1	$6.1	$1.2	$1.8	$6.5	$6.5
Jul	59.9	63.3	$2.9	$6.1	$5.4	$2.2	$7.7	$7.7	$8.1	$2.4	$3.4	$7.4	$1.7	$6.5	$6.7	$6.7
Aug	60.2	63.7	$0.6	$0.6	$5.6	$2.5	$7.9	$7.9	$8.2	$0.3	$3.6	$7.0	$2.0	$5.9	$6.8	$6.8
Sep	60.4	65.9	$1.1	$3.5	$5.7	$1.5	$8.1	$8.1	$8.5	$2.5	$4.8	$7.7	$2.4	$3.6	$7.0	$7.0
Oct	60.6	64.8	$1.4	$8.1	$5.8	$1.9	$8.6	$8.6	$8.8	$1.3	$4.4	$6.8	$3.3	$5.6	$4.4	$4.4
Nov	60.6	64.0	$1.7	$4.9	$5.9	$2.2	$8.9	$8.9	$8.8	$0.2	$4.7	$5.9	$3.7	$4.5	$4.6	$4.6
Dec	60.9	64.2	$2.0	$5.8	$6.1	$2.1	$8.2	$8.2	$8.9	$9.1	$5.1	$5.1	$4.1	$3.8	$4.8	$4.8
1990 Jan	61.0	61.3	$2.2	$4.3	$6.2	$2.5	$6.4	$6.4	$2.4	49.4	$5.4	$4.2	$4.5	$1.4	$5.1	$5.1
Feb	61.3	59.9	$2.5	$2.6	$6.4	$4.3	$6.7	$6.7	$2.7	49.5	$5.8	$5.1	$5.1	$1.6	$5.3	$5.3
Mar	61.5	60.2	$2.9	$3.0	$5.8	$2.4	$6.9	$6.9	$3.0	49.9	47.9	45.7	$3.4	$0.1	$5.5	$5.5
Apr	59.5	56.3	45.6	45.8	$4.1	$1.9	$7.1	$7.1	$3.3	$0.7	48.5	46.6	$3.8	$1.4	$5.7	$5.7
May	59.6	$7.4	44.3	46.5	$4.2	$1.4	$7.4	$7.4	$3.6	$0.1	49.0	46.3	$4.3	$1.0	$5.9	$5.9
Jun	60.0	$5.7	44.8	44.7	$4.4	$2.6	$7.6	$7.6	$3.9	$0.1	49.6	46.3	$4.7	$1.5	$6.1	$6.1
Jul	60.3	$6.1	45.4	44.3	$4.6	$2.5	$7.9	$7.9	$4.2	$0.5	$0.1	46.9	$5.1	$1.6	$6.3	$6.3
Aug	60.4	$4.4	45.9	42.5	$4.7	$1.5	$8.1	$8.1	$4.4	49.5	$0.6	46.1	$5.4	$0.7	$0.7	$0.7
Sep	60.7	$2.4	46.5	41.4	$4.9	$1.4	$5.1	$5.1	$4.6	47.4	$1.1	45.2	$5.7	49.0	$1.1	$1.1
Oct	60.9	$2.8	47.2	43.4	$5.0	$2.5	$5.4	$5.4	$4.9	48.4	$1.6	46.4	$6.1	$0.0	$1.4	$1.4
Nov	61.3	$3.3	45.6	40.5	$5.2	$3.6	$5.8	$5.8	$5.2	47.2	$2.2	45.8	$6.6	48.7	$1.8	$1.8
Dec	61.7	$2.5	46.4	40.7	$5.4	$3.9	$6.1	$6.1	$5.6	47.2	$2.8	45.7	$7.1	48.4	$2.1	$2.1
1991 Jan	$6.6	46.2	47.2	42.6	$5.6	$4.3	$6.3	$6.3	$3.7	47.0	48.9	42.4	$7.7	$0.5	$2.5	$2.5
Feb	$7.3	46.9	47.9	42.5	$5.6	$4.6	$6.6	$6.6	$4.1	46.4	49.7	43.2	$8.1	49.4	$2.8	$2.8
Mar	$7.9	$1.0	46.7	44.3	$5.5	$2.1	$6.9	$6.9	$4.6	46.2	$0.5	44.5	$8.6	$0.9	$3.1	$3.1
Apr	$8.6	$7.1	49.5	48.9	$5.8	$2.5	$7.1	$7.1	$5.2	$3.2	$1.3	$0.5	$8.5	$5.1	$3.4	$3.4
May	$9.2	$9.1	$0.3	$2.0	$4.0	$2.8	$7.4	$7.4	$5.6	$4.2	$2.0	$2.3	$8.3	$8.3	$3.7	$3.7
Jun	$9.6	$8.4	$0.9	$0.8	$4.3	$3.1	$7.6	$7.6	$6.0	$5.1	$0.2	49.8	$8.7	$7.7	$4.1	$4.1
Jul	60.1	62.4	$1.8	$4.5	$4.6	$3.0	$7.9	$7.9	$6.4	$6.6	$1.0	$3.0	$9.0	60.9	$4.4	$4.4
Aug	60.4	61.5	$2.1	$3.2	$4.8	$3.3	$8.2	$8.2	$6.6	$7.4	$1.5	$2.6	$9.2	$9.8	$2.9	$2.9
Sep	60.7	61.9	$0.3	$1.3	$5.1	$3.7	$8.2	$8.2	$6.8	$7.7	$2.0	$3.2	$9.4	60.1	$3.2	$3.2
Oct	60.9	60.2	$0.8	$0.6	$5.3	$3.5	$8.6	$8.6	$6.9	$6.1	$2.4	$1.8	$9.5	$7.9	$3.6	$3.6
Nov	61.3	60.6	$1.5	$1.2	$5.5	$3.4	$8.9	$8.9	$7.2	$6.5	$3.0	$1.2	$9.8	$8.3	$4.0	$4.0
Dec	61.7	$9.3	$2.1	$0.6	$5.8	$4.7	$7.2	$7.2	$7.4	$3.8	$3.6	$0.7	60.0	$5.6	$4.3	$4.3
1992 Jan	$9.5	$4.2	$2.7	48.2	$6.1	$5.4	$7.5	$7.5	$5.4	49.4	$4.3	$0.5	60.2	$4.0	$4.6	$4.6
Feb	$9.6	$7.8	$3.4	$1.1	$6.3	$6.7	$7.7	$7.7	$5.7	$2.2	$4.9	$2.6	60.5	$6.0	$5.0	$5.0

Table 9 (continued)

	Alexandria		Brazzaville		Manila		Moscow		New-Delhi		Santiago		Tokyo	
	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate	36 month average	current rate
1985 Jan	36.9	36.9	50.7	63.0	43.8	68.9	66.1	104.6	47.3	57.1	45.6	77.5	59.2	61.1
Feb	37.6	37.6	51.2	63.8	44.7	62.7	68.5	106.7	47.8	58.7	47.1	77.5	59.5	62.4
Mar	38.3	38.3	51.7	66.8	45.6	62.7	55.6	85.4	48.3	60.4	48.9	87.9	53.8	64.3
Apr	39.0	39.0	52.2	62.3	42.1	56.7	57.0	87.2	48.8	59.2	50.8	89.4	59.9	61.8
May	39.6	39.6	52.7	62.1	42.9	56.7	58.5	88.8	49.1	56.7	52.6	89.4	60.1	61.9
Jun	40.3	40.3	53.1	61.9	43.7	56.7	60.0	90.6	49.5	56.7	54.5	93.4	60.2	62.0
Jul	41.0	41.0	53.3	60.7	44.6	57.2	52.5	78.5	49.9	57.9	48.4	88.7	60.3	62.1
Aug	41.7	41.7	53.4	56.6	45.4	57.2	54.4	106.6	50.1	55.2	50.1	88.7	60.2	58.5
Sep	42.3	42.3	53.5	54.4	46.3	57.2	56.4	112.0	50.3	55.1	51.7	88.7	60.2	58.7
Oct	43.0	43.0	51.7	50.2	47.1	58.2	58.5	117.0	45.2	49.3	51.5	88.1	60.1	53.8
Nov	43.6	43.6	51.8	49.5	47.9	58.1	61.3	146.2	45.5	49.3	53.0	90.5	58.4	51.6
Dec	44.2	44.2	52.0	47.4	48.5	51.8	64.2	150.6	45.8	49.3	54.4	90.4	58.4	49.4
1986 Jan	39.2	39.2	52.3	47.6	44.3	53.0	66.0	154.1	46.1	49.9	53.4	87.7	58.6	49.7
Feb	39.9	39.9	52.4	45.7	45.1	53.0	51.8	107.6	46.4	50.0	54.7	88.3	58.7	48.8
Mar	40.7	40.7	52.6	42.1	45.9	58.5	53.0	105.9	46.8	50.0	56.0	88.0	58.7	45.3
Apr	41.3	41.3	46.6	39.6	46.8	58.0	54.1	104.2	47.1	50.4	56.8	88.8	58.9	45.8
May	42.0	42.0	46.9	38.4	47.6	58.0	55.5	112.1	47.4	50.4	58.1	88.6	59.0	43.2
Jun	42.7	42.7	47.3	40.8	48.4	57.9	57.4	132.4	47.8	52.3	59.4	88.3	59.4	45.1
Jul	43.3	43.3	47.5	40.2	49.1	58.3	44.9	104.6	48.1	52.8	59.4	84.8	59.7	45.6
Aug	44.8	72.2	47.8	39.7	49.9	58.3	46.1	99.5	48.4	52.8	60.5	84.3	59.9	41.9
Sep	45.6	72.3	48.0	38.6	50.5	58.2	47.7	111.6	48.8	52.8	61.4	86.4	60.3	42.6
Oct	46.4	72.4	48.3	39.0	51.0	58.1	49.3	116.7	49.1	53.0	60.3	82.9	60.7	43.3
Nov	47.3	72.5	48.5	39.0	51.4	58.1	51.0	122.1	49.4	53.0	61.1	85.1	58.1	42.9
Dec	48.1	72.6	48.7	39.0	47.7	53.4	41.3	98.9	49.8	54.6	62.0	84.4	58.6	43.7
1987 Jan	49.0	72.7	48.9	38.7	48.2	53.4	42.7	101.6	46.0	50.1	60.3	80.4	59.1	44.5
Feb	49.9	72.8	48.7	36.6	48.6	53.3	44.3	105.2	46.4	50.2	61.0	79.6	59.5	42.4
Mar	50.7	72.9	48.8	37.0	48.9	53.1	45.0	109.0	46.8	50.3	61.6	80.7	60.1	44.2
Apr	51.6	73.0	48.8	37.1	49.3	53.0	32.5	78.9	47.1	49.5	59.0	75.8	60.6	42.7
May	40.5	56.1	48.9	36.8	49.6	52.9	33.8	81.9	47.5	49.7	59.5	76.6	61.2	42.0
Jun	42.1	91.3	48.9	37.1	49.7	52.8	35.3	86.0	47.9	49.9	59.9	75.6	61.7	42.9
Jul	43.7	91.3	48.9	38.1	49.8	52.5	29.7	72.4	48.3	50.0	57.6	73.9	62.2	45.4
Aug	45.3	91.3	49.0	39.0	49.9	52.5	30.6	73.5	48.6	50.2	58.4	73.3	62.6	47.9
Sep	46.9	91.3	49.1	38.9	50.0	52.4	32.0	75.8	48.9	50.3	59.3	73.0	62.7	46.1
Oct	48.5	92.6	49.0	39.2	50.1	52.7	26.9	63.7	49.2	51.1	57.0	69.1	63.0	47.0
Nov	50.1	92.6	48.9	39.0	50.1	52.6	28.2	65.7	49.4	51.2	57.6	72.3	63.2	47.2
Dec	51.7	92.6	48.8	37.6	43.8	46.0	30.2	93.1	49.7	51.4	55.7	68.8	63.4	46.3

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Table 9 (continued)

1988	Jan	53.4	93.0	48.6	36.3	43.9	46.8	25.1	62.4	49.9	51.2	53.9	69.0	63.4	45.1
	Feb	53.0	93.0	48.4	38.1	44.1	46.7	24.8	62.5	50.0	51.4	54.3	68.4	63.6	45.5
	Mar	56.6	93.0	48.2	39.2	44.2	46.7	26.5	63.4	50.2	51.5	54.7	67.9	63.6	46.4
	Apr	56.3	94.2	47.9	39.3	44.5	47.1	22.1	49.9	46.2	47.9	53.5	65.5	63 0	46.2
	May	59.9	94.2	47.8	39.9	44.7	47.1	25.6	50.4	46.6	48.1	53.8	63.4	63 0	47.1
	Jun	61.6	94.2	47.7	41.0	45.0	47.2	25.1	50.8	46.9	48.4	54.1	64.3	62.9	48.1
	Jul	63.3	96.3	47.6	44.1	45.2	47.2	26.5	51.1	47.3	51.8	53.3	63.8	62.8	51.0
	Aug	65.0	96.3	47.5	45.2	45.6	47.4	27.8	51.3	47.6	51.8	53.5	63.3	62.8	51.9
	Sep	66.8	96.3	47.5	46.4	35.2	36.4	29.2	51.6	47.8	51.9	53.6	62.8	62.7	54.0
	Oct	68.5	97.2	47.6	47.2	35.8	37.4	30.5	51.9	48.2	54.6	52.8	60.5	62.8	54.9
	Nov	70.2	97.2	47.5	45.3	36.6	38.0	31.8	52.2	48.5	54.7	52.8	60.1	62.7	52.3
	Dec	61.3	82.8	47.5	44.2	37.3	38.6	33.2	52.5	48.8	56.5	52.9	58.7	62.8	51.9
1989	Jan	62.8	83.5	45.7	44.3	38.0	39.3	34.6	52.8	49.1	56.5	50.1	56.0	62.8	53.5
	Feb	64.4	83.5	46.0	46.5	38.7	39.9	30.7	45.5	49.4	56.8	50.2	53.7	62.9	56.0
	Mar	65.9	83.5	46.2	46.3	39.3	40.5	31.9	47.2	49.8	56.5	50.3	55.4	63.1	56.7
	Apr	67.5	87.5	46.4	47.6	39.9	41.1	33.1	48.0	50.2	58.5	50.4	57.6	62.5	59.0
	May	68.7	88.4	46.5	47.4	40.5	41.7	31.9	45.4	50.5	58.5	50.5	55.9	62.8	59.6
	Jun	70.1	90.7	46.7	51.2	41.1	42.2	33.1	48.4	36.6	45.7	50.6	55.6	63.0	63.4
	Jul	71.2	90.0	46.7	50.2	41.8	43.5	30.9	45.4	36.9	44.5	45.0	51.9	63.1	63.9
	Aug	71.8	89.3	46.8	48.5	42.4	44.0	32.1	43.9	37.2	44.5	45.3	53.7	63.3	64.3
	Sep	72.4	88.5	47.0	50.3	39.2	40.6	33.3	44.4	37.4	44.5	45.5	53.5	63.5	66.1
	Oct	73.0	87.8	47.1	49.2	39.8	41.7	34.6	46.2	37.7	45.4	45.8	54.3	63.7	65.0
	Nov	73.4	87.0	47.2	48.3	40.5	42.3	35.8	48.4	38.1	45.4	46.3	54.3	63.8	65.4
	Dec	73.9	86.2	47.3	47.5	41.1	42.9	37.0	48.8	38.3	45.4	46.8	56.3	63.8	67.1
1990	Jan	67.1	77.7	47.3	44.6	41.8	44.3	35.4	45.8	35.8	42.3	42.2	51.0	63.8	66.4
	Feb	67.3	76.7	47.5	44.7	42.4	44.9	36.5	46.0	36.1	42.4	42.7	51.2	64.0	66.6
	Mar	67.5	75.8	47.7	44.9	43.1	45.3	37.6	48.4	36.4	42.4	43.3	51.3	64.1	70.2
	Apr	67.7	76.0	47.9	45.5	43.7	47.1	36.5	48.3	36.8	43.2	44.0	51.6	64.3	74.5
	May	67.8	75.0	48.1	44.9	44.4	47.6	39.4	48.3	37.1	43.3	44.6	51.9	64.5	74.5
	Jun	67.3	74.0	48.3	44.9	45.0	48.2	40.3	48.7	37.4	43.3	45.3	52.3	64.7	71.2
	Jul	66.8	75.3	48.4	45.1	45.7	49.4	41.2	50.3	34.6	40.1	41.0	46.9	64.9	73.2
	Aug	66.3	74.2	48.5	44.2	40.8	43.9	28.0	33.6	35.0	40.2	41.7	47.3	64.8	70.3
	Sep	65.7	73.1	48.6	42.2	41.7	48.4	29.0	34.3	35.4	40.3	42.5	48.6	64.9	68.4
	Oct	65.1	72.9	48.8	43.0	42.5	50.9	30.1	35.7	35.8	42.1	43.3	49.9	64.9	69.2
	Nov	64.6	71.8	48.9	41.8	43.3	54.9	31.1	36.3	36.2	42.1	44.0	51.6	64.2	60.5
	Dec	64.0	73.1	49.2	41.8	44.1	55.3	31.9	37.0	36.5	42.2	44.8	54.8	64.4	60.7
1991	Jan	54.6	62.5	38.7	33.9	44.7	58.6	32.7	37.7	36.9	42.2	39.7	48.6	64.9	64.8
	Feb	54.0	61.3	39.3	35.7	45.4	55.9	29.2	33.4	37.3	42.3	40.4	49.3	65.1	63.1
	Mar	53.5	67.1	39.9	35.2	46.0	56.3	30.1	34.6	37.7	44.7	41.1	49.7	65.4	63.3
	Apr	52.9	68.3	40.6	38.1	46.7	56.6	30.9	35.4	38.1	45.1	41.9	50.9	65.8	66.4
	May	52.3	66.7	41.1	41.4	47.3	56.9	31.7	35.9	38.6	47.0	42.6	51.3	66.1	66.5
	Jun	51.6	65.1	41.6	40.9	48.0	57.2	32.4	36.5	39.1	48.4	43.4	51.7	66.4	66.6
	Jul	50.9	63.7	42.0	43.6	48.6	57.5	33.2	37.7	39.9	61.1	39.1	46.9	66.6	66.7
	Aug	50.2	62.2	42.4	43.0	41.7	46.9	30.3	34.2	40.7	61.1	39.9	47.4	66.8	66.8
	Sep	50.5	61.8	42.7	43.5	42.4	47.3	31.1	34.8	41.5	61.1	40.7	47.9	66.9	66.9
	Oct	50.7	61.5	43.0	42.4	43.0	47.8	32.0	36.0	42.4	65.1	41.6	49.6	67.0	64.5
	Nov	50.9	61.1	43.4	42.8	43.5	48.1	32.8	36.6	43.2	65.1	42.4	50.3	67.2	63.7
	Dec	51.1	60.8	43.8	41.0	44.0	48.3	33.7	37.3	44.1	65.1	43.3	52.2	67.5	63.8
1992	Jan	51.3	60.4	44.1	39.2	44.6	48.1	34.5	37.9	44.7	59.9	44.1	53.3	67.7	61.5
	Feb	51.5	60.0	44.5	41.6	45.1	48.4	35.4	38.5	45.4	59.9	44.9	51.5	67.9	61.7

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Appendix III

REVIEW OF THE GENERAL METHODOLOGY FOR SURVEYS OF BEST PREVAILING CONDITIONS OF EMPLOYMENT AT HEADQUARTERS DUTY STATIONS

Background

1. At its forty-fifth session, the General Assembly requested the International Civil Service Commission (ICSC), in consultation with representatives of the staff and of the Consultative Committee on Administrative Questions (CCAQ), to review the general methodology for surveys of best prevailing conditions of employment at headquarters duty stations.

2. At its spring 1992 session, ICSC considered a report of an informal working group composed of representatives of staff and of CCAQ as well as a separate note on grade overlap, recruitment and retention of staff in the General Service and related categories. Following this review, ICSC decided to constitute a formal working group composed of three representatives of the Commission, three representatives of CCAQ and two representatives each of the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA). The following mandate was given to this working group:

(a) To review the data provided by the informal working group in the light of the views expressed at the thirty-fifth session of ICSC and any additional information it considered relevant to the subject;

(b) To report to the Commission at its summer 1992 session its views on the Flemming principle, the modalities for its application and the survey methodology. Where revisions were required, these would be presented in the form of options for consideration by the Commission.

3. The Group submitted its conclusions to the thirty-sixth session of ICSC held in July 1992 at the International Maritime Organization (IMO) in London.

Introduction

4. FICSA was completely taken aback by the unusual procedure followed by ICSC at its thirty-sixth session to take its decisions and formulate its recommendations on this fundamental issue.

5. After two days of informal discussion (i.e. questions by ICSC Commissioners to members of the working group and the ICSC secretariat), the staff expected that, as in the past, a formal discussion would take place to allow their representatives and those of CCAQ to make specific comments and present their position on the different parts of the methodology. Great was therefore FICSA's surprise when the Commissioners decided to take their

decisions and formulate their recommendations without any further discussion. This procedure cannot be condoned by the Federation.

6. It will be remembered that, in 1988, FICSA decided to withdraw from ICSC because of its negative attitude towards staff representatives and its work procedures, which made a mockery of staff/management consultation. Even the General Assembly had requested ICSC to adopt work procedures more in line with modern staff/management practices.

7. In 1990, after a formal decision by ICSC to change its work procedures towards more transparent and open discussions and decision-making, FICSA agreed to resume its participation in ICSC, it being understood that the Federation would withdraw again, should ICSC revert to its previous working methods.

8. The attitude adopted by ICSC during its July 1992 session forced FICSA, and this time also CCISUA, to withdraw again with immediate effect from participation in ICSC sessions. This time, the situation was even worse because it raised questions of substance in addition to form. The deliberations of the Commission went contrary to the spirit of the Flemming principle, although this principle had been reconfirmed by the Commission itself as the basis for the review of the salary survey methodology. The principle, as formulated by ICSC at its fifteenth session, reads as follows:

> "It is stated under Article 101 of the Charter of the United Nations that 'the paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standard of efficiency, competence and integrity'. To comply with the standards established by the Charter as regards the employment of locally recruited staff, the organizations of the United Nations system must be competitive with those employers in the same labour market who recruit staff of equally high calibre and qualifications for work which is similar in nature and equal in value to that of the organizations. Remaining competitive in order to both attract and retain staff of these high standards requires that the conditions of service for the locally recruited staff be determined by reference to the best prevailing conditions of service among other employers in the locality. The conditions of service, including both paid remuneration and other basic elements of compensation, are to be among the best in the locality, without being the absolute best."

As pointed out below, the changes adopted by the Commission without open discussion have introduced elements into the methodology which fundamentally alter this statement of the principle; an example is the decision of ICSC to retain in surveys only those employers having more than 100 employees. In certain duty stations this would result in the exclusion of the majority of employers. This decision is therefore in total contradiction with the Flemming principle. Furthermore, FICSA would like to recall that the annual salary survey performed by the Bureau of Labor Statistics in the context of the Federal Employees Pay Comparability Act includes firms with 50 employees and more.

The new methodology

9. The present document contains FICSA's position and its comments on the changes to the methodology proposed/decided by the Commission. a/

Preparatory phase (para. 231 (b))

Role of the secretariat (subpara. (iv))

10. Up to now, the preparatory phase was entrusted to a local ad hoc working group, composed of representatives of the administrations and of the staff of the duty station concerned, because of their knowledge of local conditions. The task of this group was to prepare the list of firms and jobs to be surveyed and the letter to be addressed to employers requesting their collaboration in the survey.

11. These tasks were performed in collaboration with the secretariat of ICSC and any change was submitted to the approval of its Chairman. The final approval was given by ICSC itself. In all cases, the group followed closely the general guidance of ICSC.

12. The decision taken by ICSC completely changes the situation. In future, the ICSC secretariat itself would be supervising this preparatory phase, with staff and administration confined to the role of subordinates under the supervision of the secretariat.

13. This change, which does not present any improvement, is considered by FICSA to be just another vexing measure against the staff. The Federation insists, therefore, that the existing procedure be maintained.

Selection of employers

14. While agreeing with the principle that the employers to be surveyed should represent a cross-section of competitive economic, public and private, sectors (subpara. (v)), FICSA is totally opposed to the automatic inclusion in the sample of public sector or parastatal institutions if these are not among the best local employers. The Federation insists that the present procedure be maintained.

15. The local salary survey aims at identifying the best employers on the total local market and not only in one given section of that market, namely those employing 100 persons or more (subpara. (vi)). During the last round of surveys, FICSA had, for practical reasons, exceptionally agreed to include only firms with 50 staff members or more, it being understood that employers with fewer staff could be included if the structure of the local market justified such an exception.

16. In the case of Geneva, ICSC's proposal to exclude all firms with less than 100 staff would eliminate the majority of employers. This would be contrary to the Flemming principle which ICSC itself has reaffirmed.

17. As mentioned in paragraph 8 above, the Bureau of Labor Statistics, in the context of the Federal Employees Pay Comparability Act, includes in its annual salary surveys firms with 50 employees and more, to compare the United States private sector with the United States federal service.

18. FICSA insists therefore that a flexible approach be adopted in the determination of the size of the employers to be surveyed so as to reflect as accurately as possible the structure of the labour market concerned.

19. As to the desirability of job evaluation systems in the firms surveyed (subpara. (ix)), FICSA insists that also here the existing, more flexible, methodology be maintained. This methodology enables the inclusion of employers who, although they do not have an evaluation and classification system, represent an important competitor on the local labour market.

20. FICSA does not disagree with the change proposed concerning employers with multiple sites in a given locality (subpara. (x)); however, the survey should be confined to the unit in the selected site. It often happens that units of the same employer, placed in different sites of the same locality, have different aims and consequently different salary structures and regulations (see subpara. (vii)).

21. FICSA agrees with the proposals made in subparagraphs (viii), (xi) and (xii).

Selection of jobs (subparas. (xiii)-(xviii))

22. FICSA agrees with the proposals made under this heading.

Development of benchmarks

23. FICSA has doubts as to the feasibility of developing a common job classification for all duty stations (subparas. (xix)-(xx)), as the conditions of work and staff structures are adapted to local conditions and can therefore vary considerably from one duty station to another. This proposal is premature and requires further consideration.

24. FICSA is totally opposed to the proposal in subparagraph (xx). The salary survey aims at comparing conditions offered by local employers for jobs similar to those existing in the United Nations system. The survey is not designed to compare the hierarchical structures existing on the local market with those in the United Nations. These structures and hierarchies vary from one employer to another according to their needs. Providing the information suggested by ICSC would only have negative effects: namely an additional burden for the employers and, more serious, it could bias the survey results. FICSA insists, therefore, that this proposal be deleted.

Data collection phase (para. 213 (c))

Job matching

25. When comparing jobs it is important to achieve as close a match as possible concerning the tasks to be performed and the responsibilities of the job. FICSA can therefore not agree with ICSC's proposal to give the same weight to tasks and responsibilities of a job and to the qualifications required. The proposal in subparagraph (xxi) would mean that any post whose incumbent fully exercises the functions and responsibilities of that post, but who does not have the required qualifications, would be excluded from the job comparison.

Educational qualifications

26. FICSA does not agree to the last sentence in the proposal in subparagraph (xxii). Its application would mean excluding from the survey some jobs for which outside employers require university degrees. The job match has always to be made on functions that are relevant to local structures, but which might differ from those used in the United Nations. In this context it should be noted that several United Nations bodies, including the Joint Inspection Unit (JIU), have recognized that an overlap of functions exists between the two categories of staff in the United Nations system.

Type of salary data to be collected (subpara. (xxiv))

27. Seniority in a job or in a firm can have a considerable influence on the salary level. It is, therefore, important to collect information on seniority, no matter which method is used to match the outside with the inside salary levels.

28. As an example, a firm used during two or more surveys could, for reasons of its own, change its recruitment policy, going from a consolidation phase (no or limited recruitment), to an expansion phase (intensive recruitment). Depending in which phase the salary survey takes place, this could influence the average seniority in that firm and in turn affect the average salary of a given job. Similarly, changing one employer by another could introduce seniority differences which could affect the results. This is why FICSA insists that seniority data be collected at the same time as salary data, as it will avoid the risk of biased salary increases and decreases.

Cooperation of employers (subpara. (xxv))

29. Both FICSA and the staff associations and unions concerned will do whatever they can to encourage employers to participate in the surveys.

Data analysis phase (para. 231 (d))

Elimination of employers

30. FICSA does not agree to the revision of the current procedure (subpara. (xxvi)) for the following reasons:

(a) The main aim of the survey is to collect data on employers in a given duty station. The ICSC proposal (subpara. (xxvii)) would give the same weight to data from good and from bad employers. This is in total contradiction with the aim of the survey and with the spirit of the Flemming principle. FICSA maintains that the present methodology should be kept, whereby an employer whose average salary would be 10 per cent lower than the average salary of all the employers participating in the survey would be eliminated;

(b) The proposal in subparagraph (xxviii) would open the door to all types of arbitrary decisions. FICSA would prefer a more flexible approach to this delicate problem and wishes therefore that the present formulation be maintained.

Elimination of jobs

31. FICSA does not agree to the changes proposed in subparagraph (xxix), that is to eliminate from the job matches those employers who have only one incumbent in the job reviewed, unless the job in question is clearly one-of-a-kind. The introduction of such a change would:

(a) De facto eliminate all the small- and medium-sized employers;

(b) Cancel the transitional provision established by ICSC under subparagraph (vi), whereby employers having less than 100 employees, but having participated in the previous survey, would be kept;

(c) Introduce complete arbitrariness in the determination of the jobs that would not need to have more than one incumbent per employer reviewed; and

(d) Reduce considerably the number of employers and matches retained for the determination of the outside salary level for any given job.

Quantification of fringe benefits

32. FICSA disagrees with the proposal in subparagraph (xxxiii) whereby a benefit should be evaluated at the cost to the employer. If a person ceases to be employed by a given firm he/she would have to pay the normal market value to obtain this benefit. The evaluation, to be objective, has therefore to be based on the market price and not on the cost to the employer. The present provisions in the methodology should be maintained.

Social security provisions (subparas. (xxxiv-xxxv))

33. This element constitutes, along with salaries, the basis of the conditions of employment. It is thus essential that its weight and impact be assessed as accurately as possible. While not disagreeing with the Commission's recommendations, FICSA continues to insist that this issue be studied in detail without any delay. This is now even more urgent in view of the ICSC proposals in this document which would negatively affect the level of pensionable remuneration and consequently of pensions of General Service staff.

Employers not subject to taxation (subpara. (xxxvii))

34. Salary data that are not subject to taxation have to be considered as net salaries. At present, an arbitrary tax deduction is made. Staff have filed a complaint with the Administrative Tribunal on this practice. It would, therefore, be advisable for the Commission to take appropriate steps to redress this situation.

Seventy-fifth percentile

35. FICSA supports the ICSC proposal in subparagraph (xxxviii).

Dominance

36. FICSA agrees with the proposal in subparagraph (xxxix), which avoids a single employer influencing the results of the survey.

Language (subpara. (xl))

37. FICSA strongly opposes the suppression of this salary correction factor. The employer which, for specific reasons, needs a person with proficiency in a foreign language, grants a higher salary. In the countries or duty stations where the local language is not one of the official languages of the organizations, recruitment is based on the proficiency in one of these official languages. The persons recruited will therefore have to be proficient in at least one foreign language and this knowledge has a specific value on the local market. This correcting factor is therefore fully justified, especially in view of the fact that in most cases, salary data collected in the countries concerned refer to persons speaking only the local language. It would be desirable to use the survey process to quantify the amount of the premium paid for language skills on the local market, rather than assigning an arbitrary value as at present.

Sex discrimination (subpara. (xli))

38. The salary statistics of virtually all, if not all, countries discriminate against women (a good example is Geneva). It is therefore of utmost importance that special attention be given to this issue during salary surveys, to avoid biased results by including employers who pay lower wages to women. Future recruitment could be significantly affected by such a bias.

Internal matching points

39. For the reasons given in paragraphs 27 and 28 above, FICSA does not agree with ICSC's reasoning that no adjustments should be made for seniority when determining the internal/external matching points using the dual-pay-line methodology (subpara. (xlii)). This proposal is too rigid and could lead to serious problems when the results would show unusual variations from one survey to another. It is preferable to leave the possibility for ad hoc adjustments which could, if need be, take into account external/internal seniority differences.

40. FICSA agrees with the proposals in subparagraph (xliii) as they are in line with the aim of the extra step introduced by ICSC.

41. FICSA cannot agree with the proposal in sub-paragraph (xliv) as it would penalize staff in the United Nations organizations where such extra steps are not granted. As a matter of equity, FICSA requests that the same methodology be applied here as described under subparagraph (xliii), i.e. to include the staff concerned at the step just below the extra longevity step approved by ICSC.

Decision phase, including construction of salary scale (para. 231 (e))

42. FICSA fears that ICSC might be tempted to use this information (subpara. (xlv)) to change the results to its liking. The Federation does not object to the Commission being informed, but wants to be assured that this information will not be used to manipulate the results to the detriment of staff.

43. FICSA fully agrees that all steps of the process have to be kept transparent (subpara. (xlvi)) and brought to the attention of all parties.

Periodic adjustments between surveys

44. FICSA cannot agree with the proposal in subparagraph (xlvii) as it has no technical justification. The interim adjustment index selected has to be applied to the remuneration without any reduction, especially in those duty stations where measures have been introduced to eliminate the effects of the taxation progressivity on remuneration (e.g. in New York). This is even less acceptable because ICSC is proposing in the section of the report dealing with pensionable remuneration, to adjust the latter with the same index and the same percentage used for adjusting net remuneration. The procedure proposed by ICSC is a technical aberration which only aims at reducing arbitrarily salaries and pensions of the staff concerned. The present methodology for interim adjustments should therefore be maintained, both for net salaries and for pensionable remuneration. It should be remembered that the existing methodology is applied in all countries of the world.

45. FICSA strongly opposes the suspension for any reason whatsoever of any interim adjustment due on a given date (subpara. (xlviii)). It is for the Commission to take appropriate steps for ensuring that the results of the surveys are available at the time when an interim adjustment is due. FICSA would like to underline that with the present methodology, the adjustment of purchasing power of salaries is already delayed by one year. FICSA can therefore not accept the introduction of any further delays.

Recruitment, retention and grade overlap (para. 231 (f))

46. FICSA has no difficulty with the Commission's conclusion that it does not consider further study of recruitment and retention to be warranted at this time (subparas. (xlix-l)). However, FICSA anticipates that these problems will become more severe if the recommendations made by ICSC are adopted by the Fifth Committee. Thus, it would be for the administrations of the United Nations and its specialized agencies to arrange for continuing monitoring of the recruitment and retention problems within the framework of the Consultative Committee on Administrative Questions (Personnel Questions). This would permit accurate data to be provided to ICSC at such time as this topic is again considered by the Commission.

47. In noting the current extent of the grade overlap, it is also important to note that the JIU report referred to was issued in June 1991. Thus, the extent of grade overlap was over one year out of date at the time ICSC took note of the report. However, there are many other points raised in the JIU report, b/ which should have also drawn the Commission's attention; paragraphs 24 and 25 identify the freeze on Professional salaries and the lack of a salary increase for this category in real terms as contributors to this overlap.

Concluding remarks

48. FICSA is concerned that the revisions to the general methodology for surveys of best prevailing conditions of employment at headquarters duty stations will be to the disadvantage of the locally recruited staff immediately and to the good functioning of the common system in the medium term. It has presented above its objections to various changes to the methodology as presented by ICSC and its suggestions to improve it.

49. The Federation recognizes that it is within the mandate of ICSC to promulgate a methodology for performing such surveys. Thus the changes are presented for the information of the General Assembly. It has been decided by the Commission that these changes will be incorporated into a revised methodology and that the current round of surveys will be undertaken using that methodology. If members of the Fifth Committee share the views of FICSA that such changes will be detrimental to the good functioning of the common system, the Federation would suggest that a resolution be adopted requesting ICSC to again review the methodology before its implementation.

Notes

a/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30), chap. V.

b/ A/47/140.